The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Nanking "Reformed"---By and With the Consent of Japanese Army!

ARTICLES IN THIS ISSUE

Hoover-Organized Kailan Mines May Be Sold to Japanese
Hull's Appeal for Victims of Nazi Persecution
Dr. Scherer's Book Arrived for the Inauguration
Foreign Writers Not Bribed by China—Japanese Report
New Nanking "Reformed Government" Inaugurated "By and With the Consent and Approval" of Japanese Army
Austrian Plebiscite Campaign Opens; Reconstruction Plans Drafted
Exchange Panic Halted; Bankers Here Believe Currency Will Remain Firm
Chinese Armies Claim Successes on All Fronts; Big Offensive Under Way
Super-Battleships Is American-British Answer to Japan's "Concealment"
Outstanding Events in the Sino-Japanese War
Relief Situation in Central China is Grave
No Council Election This Year—Reply to Japanese Acceptable!
Szechuen Backing China's "Life-Line" . . . . . By Hin Wong

SATURDAY, APRIL 2, 1938 VOLUME 84, NUMBER 5

THIRTY CENTS A COPY
(In Shanghai)
FORTY CENTS ELSEWHERE

For big pictures with little cameras . . . insist on Kodak

PANATOMIC FILM

With a "grain" of almost atomic fineness, Kodak Panatomic film gives you negatives whose enlargements compare in beauty to prints made by contact. Fully color sensitive and plenty of speed for most picture occasions, too. Comes in all standard sizes for negatives from 24 × 36 mm. up to 2½ × 4¼ inches.

SUPER X PANCHROMATIC FILM

It is now available for Kodak Retina, Leica and Contax in the Kodak daylight-loading magazines. Super X Panchromatic is an extraordinarily new film that goes a step farther than Kodak SS Panchromatic. Given proper development, it exhibits much greater speed—especially in daylight. In spite of its great speed, Super X Panchromatic film does not show any increase in grain size. In fact its speed has been attained without impairing any desirable quality.

At your Kodak dealers.

EASTMAN KODAK COMPANY

185 Yuen Ming Yuen Road, Shanghai.

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES. . . .

In CHINA file your messages "RCA"

(R.C.A. Communications, Inc.)

R.C.A. Communications, Inc.

(A Radio Corporation of America Service)

HEAD OFFICE FOR CHINA:— TEL. NO.
201-202 Sassoon House, Shanghai 19251

AGENCIES:—

Tientsin:	65 Consular Road	Tel.: 31430
Hankow:	San Peh Building	Tel.: 21774
Hongkong:	Dina House	Tel.: 30692

SOCONY

FOR UNFAILING DEPENDABILITY

GASOLINE

A STANDARD-VACUUM PRODUCT

密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China

Volume 84 | Shanghai, China, Saturday, April 2, 1938 | Number 5

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; EARL A. SELLE, Assistant and Financial Editor; T. V. KU, Advertising Dept.; F. K. CHAO, Business Dept.

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

BY AIR-MAIL—TO HANKOW AND ELSEWHERE IN CENTRAL, WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $28 A YEAR OR $15 FOR A HALF-YEAR.

Contents

Editorial Paragraphs

Hoover-Organized Kailan Mines May Be Sold to Japanese 113
Dr. Scherer's Book Arrived for the Inauguration... 115
Foreign Writers Not Bribed by China—Japanese Report..... 116
Hull's Appeal for Victims of Nazi Persecution..... 117
New Nanking "Reformed" Government Inaugurated "By and With the Consent and Approval of Japanese Army..... 119

Special Articles

Austrian Plebiscite Campaign Opens; Reconstruction Plans Drafted 126
Exchange Panic Halted; Bankers Here Believe Currency Will Remain Firm 128
Szechuen Backing China's "Life-Line"..... Ey Hin Wong 129
Chinese Armies Claim Successes on All Fronts; Big Offensive Under Way 130
Super-Battleships Is American-British Answer to Japan's "Concealment"..... 132
Outstanding Events in the Sino-Japanese War ... 133
Relief Situation in Central China is Grave..... 136
No Council Election This Year—Reply to Japanese Acceptable! 138
Who's Who in China 139
Men and Events 140
New Books of Interest in the Far East..... 142

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

HOOVER-ORGANIZED KAILAN MINES MAY BE SOLD TO JAPANESE

THE famous and highly profitable Kailan Mining Administration, which was born at the time of the Boxer crisis, more than a third of a century ago, may pass to Japanese control as a result of the present Sino-Japanese crisis.

There is dramatic interest in the current report that negotiations are proceeding between British and Japanese interests for the outright sale of the Kailan coal mining property to the Japanese. Another report has it that the British authorities are only negotiating for a sale of the company's output to Japanese industrialists. And no one will be more deeply interested in these rumors than Herbert Hoover, former President of the United States!

The report of the possible sale of the properties originated with a *Reuter* dispatch from Tokyo (March 24), telling of the arrival in Japan of E. J. Nathan, general manager of the company, and also agent in the Far East for the Anglo-Chinese Engineering and Mining Company, which is connected with the Kailan Administration. Mr. Nathan denied he had any intention of disposing of the properties "in any manner," and said that the purpose of his trip "was to find ways and means of fulfilling his desire to assist Japanese industry by coal supplies." The Chinese Engineering and Mining Company, according to Mr. Nathan, would continue to rely on the protection of the British Government.

Industrial Shanghai will be deeply interested in these reports because the industries of this city have largely depended upon Kailan mines for their fuel supplies. The fact that the Japanese have been pressing the Kailan authorities to either sell the properties outright, or dispose of their complete output to the Japanese, has constituted a source of serious apprehension in Shanghai for the reasons stated. In this connection there was little of a re-assuring nature in Mr. Nathan's statement, for while he denied the reports of a possible sale of the mines, he admitted negotia-

tions looking toward the possible sale of the company's coal output to the Japanese. It has long been known that Japanese war industries have been trying to obtain the entire output of Kailan.

A Tokyo report on March 30 stated that the Japanese Iron Manufacturing Company had arranged to purchase 1,700,000 tons of Kaiping coal this year, an increase of 350,000 tons over last year's purchases.

The fact that a serious strike of Kailan employes, involving 10,000 Chinese workers, has developed simultaneously with the negotiations in Japan, indicates that developments are taking place with which the public is not familiar. The strike started on March 23 and since has spread to other mines in the district. A Japanese *Domei* report from Tientsin stated that the British authorities in Tientsin had requested the cooperation of the Japanese military authorities in settling the strike and as a result *Japanese gendarmes and Chinese police had accompanied British officials to Changkochwang to combat the situation*—to quote the *Domei* report. It was claimed that the workers had demanded, (1) Abolition of the superintendence department; (2) Increase in wages; (3) Payment of wages to injured workers until they have completely recovered; (4) Immediate dismissal of the directorate of the superintendence department.

That the strike had reached a critical stage was indicated in a later *Domei* dispatch (Tientsin, March 28) stating that 16 workers had been killed and wounded "in a sanguinary clash between striking workers and police . . . rifles, pistols, knives and staves were used freely by both sides."

Later *Reuter* and *United Press* reports on Tuesday and Wednesday of this week indicated that the strike situation was growing worse. The fighting which broke out on March 23 was still in progress and had resulted in losses on the miners' side of 15 killed and 40 wounded while the militia had lost 8 killed and an unknown number of wounded. The striking miners had occupied the Company's offices at Tangshan and fear was expressed in British circles that the Company police would not be able to control the situation. British consular officials had gone to Tangshan to investigate.

The source from which the striking miners had obtained their arms was a mystery, according to *Reuters'* correspondent. . . Some 3,000 miners were involved in the complications.

According to *United Press* (Peiping March 28) the strike started at the Kuyeh colliery on Friday and quickly spread to other mines along the railway. The origin was obscure but from the labor angle, was thought to be due to dissention between rival factions of contractors and workers. However, and this was the significant element, "non-official foreigners conversant with the situation believed that the Japanese or pro-Japanese elements, if not the actual instigators, are muddying the troubled waters." It was pointed out that the Japanese had been trying for more than a year to obtain control of the policing of the Kailan area . . . the fact that the mines supply large quantities of coal to the Japanese military and for Japanese transportation in North China, coupled with the fact that the miners were not destroying mine property . . . supported the theory of Japanese influence in the background.

The Kailan coal mines, most extensive in China, are located in the region between Tientsin and Chinwantao, along the tracks of the Peiping-Mukden Railway. The output of the Kailan Administration, which includes Chinese properties managed by the British company, amount to between four and six million tons a year. The output in 1934, latest figures available, was 4,755,000 tons, which represented a considerable decrease from the output in 1931, which was 5,356,000 tons. The reason for the decrease was not stated but presumably was due to the depression in Chinese industries resulting from the Japanese intervention. The mining administration must depend upon the Japanese controlled Peiping-Mukden Railway for transportation of its output to tide-water at Chinwantao or Tangku, but the Company also owns extensive railway trackage in the district and operates its own line of cargo ships between Chinwantao-Tientsin and Shanghai.

The Kailan Mining Administration, probably the largest and most continuously profitable British enterprise in China, owes its beginning to the genius of a young American mining engineer, Herbert Hoover, who came out to China at the time of the Boxer uprising in 1900 and obtained a position as adviser to the Chihli provincial mining bureau. When the Powers intervened to suppress the Boxers, the Chinese authorities feared the valuable coal mines in the Tangshan and Changkochwang districts (north of Tientsin) would be seized by either the Japanese or the Czarist Russians. In order to prevent seizure the Chinese authorities employed a familiar subterfuge, they turned the properties over to a foreigner, Herbert Hoover, then a recent graduate of Leland Stanford. Hoover was instructed to make a trip abroad and raise funds for the development of the properties. Many articles and books have been written on the subject, but authoritative reports indicate that he was unable to obtain funds in New York so he proceeded to London where money was available—on condition that the properties be incorporated under the British flag. This was done and the coal mines

have remained British to the present. Hoover soon passed out of the picture, but with a handsome profit for arranging the deal.

⁂

The departure of E. L. Hall-Patch, financial advised to the British Ambassador in China, for Tokyo, also aroused considerable international interest in alleged British negotiations with the Japanese on other matters—Japanese control of the Chinese Maritime Customs in North China—Japanese acquisition of British bonded interest in the northern Chinese railways—sale of the British interests in the Peking Syndicate's mining properties in Honan and Shansi—handing over to the Japanese of British bond holdings in the Tientsin-Pukow Railway—sale to Japanese of other British interests in the North, including the light and power plant in the Tientsin British Concession. A report published in the United States that Britain and Japan had reached an understanding on all points except Britain's recognition of Manchukuo, was denied last week—by the Japanese diplomatic spokesman in Shanghai.

DR. SCHERER'S BOOK ARRIVED FOR THE INAUGURATION

ALTHOUGH Foreign Minister Koki Hirota assured members of the Japanese Diet or Parliament that "not a single copy" of Dr. James A. B. Scherer's remarkable book would be permitted to enter Japan, it was quite evident that no such precautions applied here becauese a large number of copies arrived and were "sold out like hot-cakes" two days prior to the inauguration of the "reformed" Nanking Government.

Local book dealers attributed the extensive sale to an editorial reference to the book which appeared in these columns on March 12, telling how Dr. James A. B. Scherer, well known American professor had received a high Japanese decoration and then wrote an extremely critical book which almost upset Prince Konoe's cabinet. Incidentally, we have been informed that Dr. Scherer has since returned his decoration to the Japanese Government, the first time anything so sensational has happened since the restoration three-quarters of a century ago. When it was discovered that Dr. Scherer planned to expose the military plot, the War Office sought to muzzle him with a decoration from the Emperor.

Since space is not available for an extended review of the book, we recommend perusal of our previous article on the subject (March 12, Page 31) because it contained a translation of an amusing article from the Tokyo *Asahi* which described the "black displeasure" of the Foreign Office over Dr. Scherer's "bomb-shell anti-Japanese book entitled, 'Japan Defies the World,' . . . which contained nothing but the most malicious abuse of Japan as if he had torn off the mask of friendship and gone mad with exultation over it."

Of course the Japanese, particularly the militarists, attributed Dr. Scherer's action to animosity at allegedly having failed to receive a job with the South Manchuria Railway, or that he was paid by anti-Japanese elements. Perusal of the book, however, dissipates such accusations because, "Japan Defies the World" cannot be regarded as anti-Japanese except by members of the small clique of conspirators consisting of warlords and industrialists who plotted the present piratical expedition on the Asiatic continent.

In the opening chapter, Dr. Scherer, who spent altogether some 40 years of his life in Japan, explained how the Japanese people have been betrayed—by their militarists—a small group within the military—who seized control of the government and ran away with the war machine. He then exposes Japan's "concealed Mussolini," none other than Gen. Jiro Minami, present governor-general of Korea, who began his machinations for control of the government on August 4, 1931 in an appeal to the army for direct action in Manchuria. The so-called "Manchurian incident" began the next month.

Gen. Minami, according to this well informed author, has thee "false fronts:" Prince Konoe in Tokyo, Gen.-Count Terauchi in North China and Gen. Matsui at Shanghai (recently replaced by Gen. Hata). In accomplishing his ends, Minami has initiated a form of administration known as "camp government" which prevailed in Japan in an earlier age. He literally governs the country and conducts the war from his headquarters in Korea and does it over the long-distance telephone to Tokyo. Japan is now completely fascist which is nothing but a military dictatorship imposed on a capitalistic state by force of arms. "That," in the opinion of the author, "covers everything from the totalitarian state—impostor phrase—to Nazi-ism and Shogunism and the plain old Tyranny of the Romans and the Despotism of the Greeks."

But, as stated before, there isn't space for an extended review; hence we recommend perusal of every one of the 300 odd pages because Dr. Scherer has simplified the puzzle of Japanese life in a dignified and convincing and sympathetic manner and with a sense of humor that makes the reader want to read it through at one sitting.

Some of the chapter headings will indicate the scope of the volume—Emperor Worship—Schoolboy Enigmas—Evolution of the Militarist—Suicide, on the Stage and Off—the Geisha—Filial Prostitutes—Peasant Soldiers and Population Pressure—the Navy Saves its Face—the

Japan Defies the World—Inside Story of Japan's Challenge to Civilization Down to the Last Desperate Throw of Her Concealed Dictator; by Dr. James A. B. Scherer; Bobbs-Merrill Company, Indianapolis; 300 pages, U. S. $2.50.

Climax—The Fascist Alliance—Climax of 1937—Dead Meteor—and, the Four Big Families, the Mitsuis, Mitsubishi, Sumitomo and Yasuda.

Dr. Scherer offers his sober opinion that Japan's decline started last year and was evidenced by the disastrously unbalanced trade situation. So now, "as if realizing that they have overplayed their hand in the undeclared war on China, the militarists now seem to be hazarding a last desperate throw. How else explain their otherwise inexplicable attacks on neutrals, beginning with the machine-gunning of the British Ambassador and continuing with the sinking of our gunboat Panay? They gambled on a quick and easy victory . . . they must see their country threatened before long with an exhaustion exceeding that of Europe, over which they gloated . . . . They see themselves faced with ignominy and overthrow if they should have to withdraw homeward from an unsubjugated China, which they have always despised . . . How then, they must say to themselves, explain the squandered lives of tens of thousands of farmers' sons? How save their own skins? Throw the dice once more! Affront England, sink an American warship! Nothing to lose, and perhaps much to be gained. Draw in Japan's two great naval rivals, so that a war will weaken them, too . . . And save not only our skins but our faces, with our own people who would despise us if we retreated from an ignominous China, but rally to us again should we be attacked by first class foes.

The best way to meet Japan's game—Dr. Scherer's advice to his own people—is to maintain a stern self-restraint—but, we repeat, please read the book for yourself. And since the prohibition against perusal of the book in Japan cannot apply here, we earnestly recommend it to the Japanese, particularly young men who still have their lives before them and who, if they are wise, will take steps to protect themselves before it is too late!

F. M. C. 1937 Budget Has Surplus

The French Municipal Council closed its 1937 financial year with a net excess over the ordinary budget of $103,354.96, which situation compares favorably with that in the International Settlement where the Municipal Council reported a total deficit under ordinary budget of $2,357,328.56. However, it should be noted that the comparison of figures alone does not disclose the actual state of affairs in the two districts, since the Concession suffered much less than the Settlement from the hostilities, and in some ways even gained slightly.

The Concession's finance committee, which submitted its budget to the Municipal Committee for approval, granted on March 21, was told that last year's finances were especially notable since in 1936 there was a deficit of $94,535.93, and after balancing of accounts a surplus of $13,819.03 on the provisions for the two past years was left. The director of finances furthermore pointed out in a discourse that the true state of affairs could be appreciated only when it is noted that an initial deficit of $246,746.22 should be taken into account since that amount was the excess of expenditure provisions over receipts expected when the 1937 budget was set.

The director explained that had the budget corresponded to early form, a loan of $246,746.22 would have had to be taken from the treasury. Not only was this not necessary, he added, but extra expenses after the outbreak of hostilities were met, and a surplus was yet left over. After he had presented his report, the finance committee voiced its great satisfaction at the prospects for the future. It also congratulated the various public services for their part in the good results obtained.

FOREIGN WRITERS NOT BRIBED BY CHINA—JAPANESE REPORT

The controversy stirred up in Shanghai by a report published in the *Tokyo Nichi-Nichi* alleging that two foreign correspondents and a foreign news agency had been subsidized by the Chinese Kuomintang Party Headquarters at Nanking, was amicably settled, so far as the correspondents were concerned, by a denial of the Japanese Army spokesman that any such statement had been made. The original report, it appeared, had been sent to the Tokyo paper by its Shanghai correspondent and had no basis in fact. It merely alleged that the two correspondents had been bribed because they had cabled reports about Japanese atrocities in Shanghai, Nanking, Hangchow and Wuhu.

The other angle of the controversy, concerning a charge by the Japanese Army spokesman that documents had been found in Gen. Chiang Kai-shek's headquarters at Nanking indicating that the Kuomintang Committee had authorized the sum of $40,580 (equivalent to $13,526 in U. S. Cy.) as "encouragement for the newspaper industry," and that $10,000 (U. S. $3,350) of this sum had been ear-marked for *Reuters* Service, is still a matter of dispute. C. J. Chancellor, manager of *Reuters*, said that the alleged budget report of the Kuomintang which the Japanese claimed to have found in Nanking, may have referred to a contractual arrangement covering the sale of foreign news reports to the Chinese *Central News Agency*. Mr. Chancellor said that "it is a well known fact that *Reuters* had such an arrangement with the *Central News Agency* as it has with the Japanese *Domei* service.

It was rumored sometime ago that one of the Japanese news agencies, prior to the amalgamation and formation of *Domei* owed *Reuters* service a considerable sum of money which *Reuters* allegedly had been unable to collect. However, this element, if correct, was not injected into the present controversy.

The *North-China Daily News*, leading British newspaper, in the course of a discussion of the matter, demanded that if the Japanese possessed proof of their allegations, that they should produce same, along with the original copy of the alleged budget estimates of the Kuomintang committee. While the Japanese, through *Domei*, have continued to support the original report, there has been no production of "documents in the case."

The rivalry between the Japanese semi-official *Domei* service and *Reuters* has recently become more acute as a result of the Japanese military activities which have adversely affected Chinese and foreign papers which are customers of the British service which previously dominated the field. The American *United Press* has also been adversely affected by the war situation which has put dozens of Chinese newspapers out of business.

The Japanese previously had two news agencies, *Rengo* and *Nippon Dempo*, but when Koki Hirota became Foreign Minister, following the Kwantung Army's intervention in Manchuria, one of his first acts was to force a combination of the two agencies into *Domei* which is now practically controlled by the War Office, and shortly will be completely controlled following enforcement of the Mobilization Law recently passed by the Diet.

More Consular Police Arrive

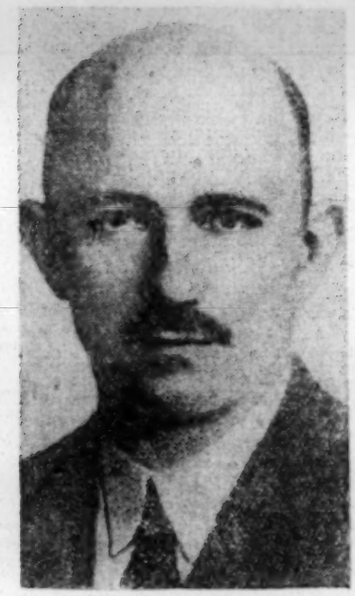
Wearing new uniforms and sabers, 40 constables of the Japanese Consular Police, headed by an assistant police inspector, arrived here from Japan on Friday afternoon aboard the s.s. Nagasaki Maru to join the service in Shanghai, *Domei* reported March 26.

HULL'S APPEAL FOR VICTIMS OF NAZI PERSECUTION

SECRETARY of State Cordell Hull's appeal for the establishment of an international committee to facilitate the emigration of political and religious refugees from Central Europe, generally regarded as a "slap" at Hitler's anti-Semitic policies, has aroused almost universal approval among the 33 nations invited to participate in the plan. According to Hull's proposal the cost of transporting refugees would be borne by private organizations in the countries which agreed to receive refugees.

Secretary Hull's communique urged early cooperative effort in order to avert widespread human suffering. However, no country was asked to receive more refugees than permitted by its present regulations on the subject.

RESIGNED POST



Dr. Ernst W. Meyer

The original appeal was addressed to Great Britain, France, Belgium, Holland, Denmark, Sweden, Norway, Switzerland and Italy. But Italy, according to a dispatch from Rome, would confer with her ally, Germany, before replying. The British Government announced that the proposal was receiving "urgent and sympathetic consideration." Later the appeal was addressed to all countries of South America, Australia, New Zealand, Canada and South Africa, making 33 in all. A later report from Washington, through *Reuters* stated that Hull's proposal to aid political and religious refugees from Germany and Austria, "would be applied also to oppressed minorities in Russia, Spain, Italy, or any other country," according to a statement by President Roosevelt at a press conference.

It also was reported that the appeal of the American Secretary of State had aroused renewed hope among the 25,000 Russian emigrees at Shanghai and elsewhere in the Far East that they might be included in any plan for relief of political refugees which might be decided upon.

Although Hitler declared, in the course of an address at Austria House, Koenigsberg, "I was greeted in Austria by floods of love such as I have never seen before," these sentiments apparently were not reciprocated by the Fuehrer, so far as the Jewish community was concerned.

Field-Marshal Goering, director of Germany's four-year-plan, in an address at Vienna, his first since the Austro-German Anschluss, referring to the Jews declared, "We shall make them glad to go away . . . . Vienna shall be freed from the Jews." Then turning to the subject of the Church, he declared, "we shall give protection to the Church, but the Church must not meddle in things which do not concern it."

While it is too early to determine exact conditions in Vienna, the fact that British consular officials on March 24 advised all British subjects to leave the country for the time being, indicated the prevailing apprehension. It also was reported that some American visitors in Austria had encountered "certain brusqueness" from Austrian Nazi officials. While it was reported that matters were improving, London authorities avised Britons to "select another venue for their holidays."

Outstanding among widespread reports of persecutions of Jews was a dispatch from Geneva (*Reuters* March 22) stating there had been "no less than 1700 suicides in Vienna alone since the anschluss between Germany and Austria." Most of the tragedies involved Jews, but many Aryans, "whose political past has made their future hopeless," have also ended their lives. The World Jewish Congress, with offices in Geneva, said that the methods employed against Jews in Vienna were more brutal than those employed in Germany.

Arrests of Austrians in Vienna for political reasons were being pushed with undiminished vigor, according to a *Reuter* report on March 26 stating that 6,500 persons had been taken into custody since the Nazis had assumed power. Of those arrested 300 had been released. Foreign newspapermen were warned to be careful in reporting Austrian affairs, a significant warning in view of the Nazi action in detaining all correspondents in a room at the Foreign Office for an hour while Hitler was delivering an address elsewhere in the city.

The *United Press* reported, also on March 22, that Hitler had sent a message to the Duke of Windsor at Paris, refusing to comply with the Duke's appeal for the release of Baron Louis Rothschild, prominent Jewish financier who was arrested by the Nazis and is being held prisoner. Baron Rothschild was host to the Duke and Duchess of Windsor while they were traveling in Austria. Nazi newspapers in Vienna reported that the Nazis planned to "extract compensation from the imprisoned Baron for alleged financial activities considered by the Nazis as harmful to Austrian and German government finance."

A German *Transocean* report from Vienna on March 24, denied that the famous Jewish psycho-analyst, Siegmund Freud, had been arrested. The report claimed he was still at his Vienna home and had not been molested; furthermore there were no grounds for taking any action against Dr. Freud. The report concluded with the remark that Dr. Freud and his family "had suffered from calls and visits from all parts of the world resulting from rumors circulated."

A later reference to Dr. Freud (*United Press*) stated that his passport had been confiscated, his ready money impounded and he was prevented from leaving the country by the Nazi authorities. The same report told of the suicide of Dr. Egon Friedell, famous 60-year-old Jewish writer. A later U. P. report quoted officials of the new Austrial government as stating the original reports of suicides among Jews was "greatly exaggerated." It was claimed there had been only 53 since the establishment of the anschluss.

A report by *Reuters* from Geneva stated that the World Jewish Congress had sent a petition to the League invoking the Treaty of St. Germain, in regard to the rights of minorities guaranteed by the League. The Treaty of St. Germain concluded the war between Austria and the Allied Powers and besides guaranteeing Austria's frontiers, it made allowances for protection of minorities.

Nazi persecutions of Austrian Jews had reactions elsewhere particularly in Poland and Roumania where restrictions on Jewish members of the community were enforced. Also there were reports from various quarters as to places where Austrian Jews might emigrate. One report suggested that the Soviet Union be asked to permit Austrian Jews to join the Soviet Jewish colony of Biro-Bijan in Siberia (near Habarovsk). The British Colonial Secretary, William Ormsby-Gore, announced in the House of Commons, that no fewer than

32,500 German Jews had emigrated to Palestine between January 1933 and December 1937.

Some 3,000 students in the technical high school in Warsaw, Poland staged a riot and evicted all Jewish students, following which resolutions were adopted demanding the barring of Jews from the school. The Polish Chamber of Deputies passed a bill depriving of their citizenship all Poles living abroad for more than five years. The bill would affect some 30,000 Austrian Jews, many of whom never lived in Poland but who are now seeking refuge there.

Jews and anti-Nazi partisans in Vienna, believing they soon might find refuge in the United States, offered prayers and thanksgiving to President Roosevelt. In this connection it was reported that some 3,000 Jews and others, had applied for visaes to leave Austria.

George Gedye, veteran newspaper correspondent in Central Europe, with headquarters at Vienna, representative of the *London Daily Telegraph* and *New York Times* was ordered to leave the country within three days. Mr. Gedye, formerly an officer in the British army, has written several books and had resided in Vienna for 13 years.

In New York, the commissioner of purchases at the city hall, decided to "purge" the Municipal building of 24 German-made cuspidors, replacing them with American-made spitoons, according to the *United Press*.

⁂

Of indirect interest, in connection with Nazi outrages in Vienna, were two other reports indicating opposition within the German camp to recent Nazi activities. The magazine *Living Age* (Boston) for March, published an extract from a letter written by the German Chamber of Commerce at Shanghai to the German Chamber of Commerce in Tokyo.

> "In your report to the *Deutsche Wirtschaftszeitung* on the Sino-Japanese situation, you state that Japan is willing to collaborate with other nations in order to 'turn North China within a short time into a contented, economically strong and lawful State, a worthy and useful member of the commonwealth of nations.' This evaluation has created strong resentment in many circles since it tacitly implies that *before* the Japanese crusade North China was *not* an economically strong and lawful State. We wish to state that this view is contrary to the facts, since business was flourishing and order prevailed before the invasion. The situation justified hopes that the Communist danger had been reduced to a minimum. Since Japan has come in, however, this economic development has been brutally interrupted, and the Communist danger has actually been increased."

The other report appeared in the *New York Herald-Tribune* (Feb. 24) and told of the resignation of Dr. Ernst W. Meyer, First Secretary of the German Embassy in Washington, because he felt that the policies of the present Nazi Government were "un-Christian and fundamentally anti-German." In an address delivered at a dinner given in his honor by the Federal Council of Churches of Christ in America, Dr. Meyer said he could no longer keep silent in view of the situation in Germany. Dr. Meyer is a member of the Lutheran Church and devoted a considerable part of his talk to the religious issues at stake in present-day Germany. He is now engaged in research work for the Federal Council. He served in the German Army in the Would War and has had sixteen years of service in the Diplomatic branch of the German Government. The following is a summary of Dr. Meyer's address as reported in the *Herald-Tribune*.

> "In the end, only one's conscience can decide what is right or wrong," he said. "But if you feel responsible to your own conscience, you cannot transfer this responsibility to the conscience of a 'leader.' You cannot say, 'Well, the leader wants it, and he is always right. I do what he commands, and in obeying him I am absolved of the wrong I do.
>
> " 'Give me four years' time,' Hitler said, when he took over the government. At the time, the direction that his regime would take, faced with the actualities of power, was not certain. In the past, actual power had often had a sobering effect. In common with so many German civil servants, I hoped that would be the case with Hitler. Meanwhile, there was my country's work to do and I did it as conscientiously as I could, in accord with the old honorable traditions of pre-Nazi public service. He was I felt entitled to the four years. But in these years Hitler and his regime have betrayed what I knew to be the lasting interests of the German Fatherland. I could not longer conscientiously serve a government which I saw to be the foe of so many things I had been taught Germany stands for. Instead, I had to exile myself, cut myself off from my nearest and dearest, and face an uncertain future."
>
> "The entire significance of the utterly anti-German, anti-European, anti-Christian character of National Socialism has not been completely realized, not in Germany, not elsewhere," he continued. "People have the idea that the German anti-Christian movement was something like a private hobby of Alfred Rosenberg's. Hitler, it was said, knew little, if anything, about it. Many intellectuals, German and non-German, still are pleased to assure themselves that Rosenberg has little influence with the grandees of the National Socialist party, that his adversaaies are much more powerful than he is, and so on. Nevertheless, he is the editor of the most influential party organ, "The Voelkischer Beobachter,' and guides the cultural education of the National Socialist party. Rosenberg has also been Hitler's guide and philosopher.
>
> Never has Hitler denied a single word of Rosenberg's; never has Hitler hampered any activities of Rosenberg's, Make no mistake. The real power behind the whole anti-Christian principles and practices of National Socialism is Hitler himself."
>
> Recalling that even Rotary Clubs had been banned in Germany, Dr. Meyer went on to say that the government of his homeland regarded Chritianity as a foreign importation.
>
> "Hitler uses the name of God more frequently than any other political leader, so as to distinguish himself from the godless Communists," Dr. Meyer said, "but his Resenberg-given God had nothing in common with the God of the Christian peoples."
>
> The claim made by National Socialism that it financed the churches was not true, Dr. Meyer continued, because all it did was to hand over to them the money collected as church taxes which rightly belonged to them. The same thing applied to the money National Socialism owed them for real estate property they had handed over to the state, he said.
>
> "Since 1933 we have been hearing that Hitler has united the German people, as if the German people were not united more than sixty years ago," Dr. Meyer continued.
>
> Dr. Meyer enumerated the claims of the Nazis which he said were false. Other countries had abolished unemployment without sacrificing their inner political freedom, the streets were clean and there was order before Hitler came to power, and

Nazis Improve Their "Bite"

Elderman in Washington Post

most of the new sporting places in Germany were built before 1933, Dr. Meyer added.

"We hear about power and power, about glory and heroism, as if for National Socialism the Word of the Scriptures did not remain true; 'For what shall it profit a man if he shall gain the whole world and lose his own soul?'" Dr. Meyer said in closing.

It was rumored in Washington that Dr. Meyer's resignation from the German Embassy was due to the fact that his father was Jewish, but the official statement of the German Embassy was that his resignation was due to his marriage to an American girl. It was stated that his service in the diplomatic branch had been satisfactory and that he had been trusted implicitly. After his resignation he had tried, unsuccessfully, to obtain a job teaching at Columbia and Harvard. He still receives a pension as a retired diplomat.

New Nanking "Reformed Government" Inaugurated "By and With the Consent and Approval" of Japanese Army

THE made-in-Japan "Reformed Government of the Republic of China" finally saw light at 11 o'clock on the morning of Monday, March 28 at Nanking. The occasion was marked by the letting off of some 350,000 firecrackers and a promiscuous display of the old "Five-Barred" flags, emblem of the defunct Peking government's which passed out of existence more than a decade ago.

Inauguration ceremonies were conducted under the supervision of Japanese land, naval and air forces. There was a singular lack of enthusiasm due to reports of sweeping Chinese victories on the Tsin-Pu front. Also somebody remembered it was the eve of the 28th anniversary of the Canton Uprising against the Manchus in 1911. According to a report in the *North-China Daily News*, the reason the Japanese chose March 28 instead of April 1, as originally planned was to avoid April Fool's day.

The Japanese Army's latest litter of puppets acted true to form in that they fulminated against the sins of the Kuomintang, the National Government and the Communists; lamented the sufferings of innocent millions and sang the blessings of Japanese over-lordship. Present at the ceremonies were representatives of Gen. S. Hata, M. Tani and lesser Japanese figures who watched the proceedings and offered congratulations or rather admonitions in the Japanese language. Thus, the "Reformed Government" came into existence.

The new regime contains unique features which would baffle the student of political science. It is a government without a head or even a figurehead, for the position of "President" is left significantly and ominously vacant. It has no defined jurisdiction and nobody knows where its rule begins and ends. It copied the conventional western three-power system,—Executive, Judicial and Legislative with seven ministries under the executive branch. Also it is entirely an "old men's" show, for the youngest member is 50.

Leading roles were assigned to two men, namely, Liang Hung-chi, old Fukien Anfuite, long associated with the Japanese, and Wen Tsung-yao, jobless ex-Kwangtung politician since 1920 who once represented the Manchus in Tibet. It was over their signatures that a manifesto proclaiming the sins of the Kuomintang and inauguration of the puppet government were issued.

The make-up of the new regime is as follows:

President of the "Reformed Government." None.

President of the Executive Yuan: Liang Hung-chi, native of Fukien, 55-years old, ex-high official of the old Peking Government; Secretary-General of Marshal Tuan Chi-jui's Provisional Government, 1924; sought safety in the Japanese Legation in Peking when the Anfu regime collapsed; has been in retirement since the advent of the Nationalist Government.

President of Judicial Yuan: Wen Tsung-yao, native of Kwangtung, born in 1876. U. S. returned student, he served as Deputy Resident Representative at Lhassa, Tibet in 1908. He was once Foreign Affairs Commissioner of Nanking and Shanghai, and was a revolutionist in 1911.

President of Legislative Yuan: Vacant. Believed reserved for Chang Shih-chao, Hunanese scholar and jurist; a British returned student who served as Minister of Agriculture and Education under the old Anfu Tuan Chi-jui's Government. He has been a lawyer in Shanghai in recent years.

Minister of Interior: Chen Chun. Born in Fukien, 1890; Japanese returned student who served as Secretary of the Generalissimo's Headquarters in the Kwangtung Military Government. He also served as chief secretary of the General Affairs Department of the Nationalist Government and was director of the Political Department of the East Route Army under Gen. Pai Chung-hsi in 1927 and concurrently was head of the Military Court-Martial at Shanghai. Later was Vice-Minister of the Interior in the National Government. Recently practiced law and served as Principal of the Cheng Shih Academy in Shanghai which was financed by Tu Yueh-sen.

Minister of Finance: Chen Chin-tao, native of Kwangtung. He was born in 1870. Chin served as Finance Minister in the Provisional Republican Government in 1912 and the following year was special finance commissioner to Europe. He was Foreign Minister under Marshal Tuan Chi-jui in 1916; Finance Minister of the Kwangtung Military Government, 1920 and again was Finance Minister in the Peking Government. Lately was Chairman of the Currency Reform Commission, National Government at Nanking.

Minister of Foreign Affairs: Chen Lu or Tcheng Loh, native of Fukien, born in 1878. Studied in France where received LL.B. degree and had long service in Chinese diplomatic department as Vice-Minister of Foreign Affairs, 1920, Minister to France, 1920-27; Vice-Chairman, Treaty Commission, Ministry of Foreign Affairs, National Government, since 1936.

Minister of Communications: Concurrently held by Liang Hung-chi.

Minister of Education: Chen Tse-min, native of Soochow, aged 58. He is a Japan-educated lawyer who served as head of the Soochow Peace Maintenance Committee after withdrawal of Chinese forces. Rumored he was a schoolmate of Gen. Iwane Matsui and that his wife is Japanese.

Minister of Industries: Wang Tsu-hui, said to be Formosan, but according to *Domei*, Wang was a revolutionary army leader, once serving as Vice-Commander of the Nationalist Revolutionary Forces. He is a member of Sino-Japanese Economic Affairs Research Commission.

Minister of Public Safety: Position vacant as Chow Feng-chi was assassinated in Shanghai some weeks ago.

Acting Minister of Public Safety: Jen Yuan-tao, a native of Ihsing, Kiangsu, aged 48; ex-army commander, was member of the Foreign Affairs Commission of the Hopei-Chahar Political Council, Peiping.

So far only four vice-Ministers have been appointed:

Vice-Minister of Industry, Sheng Neng-yi, formerly close associate and secretary of Marshal Chang Hsueh-liang, and up to two years ago was director of the Peiping Engraving and Printing Bureau of the Finance Ministry; *Vice-Minister of Interior,* Hsia Chi-feng, long in Chinese diplomatic service, also served for many years in Information Section of the League of Nations, Geneva; recently was a member of the Treaty Commission of Nanking's Ministry of Foreign Affairs; *Vice-Minister of Finance,* Yen Chia-chi, ex-Kiangsu Finance Commissioner; and *Vice-Minister of Education:* Ku Hou-shan.

The post of Mayor of Shanghai may be held concurrently by Chen Chun, Minister of Interior. The post of the Superintendent of the Shanghai Customs, always regarded as a "fat" job, allegedly has been reserved for Chu Chang-nien, ex-Minister to Norway who is a son-in-law of Tong Shao-yi. Mr. Chu, who is now in Hongkong, has denied his connection with the new regime.

There was much curiosity over the absence of such notables as Chen Chung-fu and Li Shih-hao, both of whom were known to have been active in the creation of the Nanking regime. Chen was reported to have been slated for the post of Executive Yuan President. He was last reported in Tokyo, conferring with the Japanese authorities.

At the inauguration ceremony, Executive Yuan President Liang Hung-chi read a manifesto announcing the establishment of the new regime. Beginning with an attack on self-seeking and depraved individuals in high governmental positions whose manipulations had brought the affairs of the country to a lamentable plight, he emphasized that the primary duty of the new regime is to restore the territorial sovereignty of the Republic as it existed prior to the outbreak of hostilities. He also emphasized that the "Reformed Government" is temporary in nature, and was established without any

intention of contending with the administration of the "Provisional Government" at Peiping.

Text of the manifesto: "During the last few years affairs of state have fallen to a lamentable plight through the manipulation of self-seeking and depraved individuals in high governmental positions. Ignoring the importance of maintaining friendly relations with foreign Powers, they have resorted to imposing language to deceive the public; without preparation for national defense, they have driven an untrained populace to fight in an unequal combat.

"This reckless gamble of the national heritage and the wanton sacrifice of lives have caused appalling misery and havoc throughout the country and disrupted the means of the people's livelihood. Even with the nation moaning under the existing dire conditions, those responsible for the conduct of its affairs have not evinced any feeling of remorse either in act or by word.

"On the contrary, the greater the military disasters, the more extensive the loss of territory, the more intensive their financial exactions. The policy of "scorched earth" spells national suicide and in affiliating with the Communists they have invited robbers into our home. Though still keeping up the pretense of a government in their refuge in Szechuen, Hupeh and Hunan, they have forfeited their authority and virtually lost their power of control. The record of the misdeeds perpetrated by this defunct administration is, indeed, unequalled in the long annals of the history of China.

"Impeled by feelings of righteous indignation; in consideration of the urgency of saving the country from ruin; in view of the necessity of discarding the old regime and starting anew with the citizens of the Republic: the undersigned and their associates do hereby proclaim on this the 28th day of March, the establishment of the Reformed Government of the Republic of China in Nanking and that its primary duty is to restore the territorial sovereignty of the Republic as it existed prior to the outbreak of the hostilities.

"In pursuing this aim, negotiations will be started to restore the ties of amity and to end the deplorable strife between neighboring States whose people are of the same race. Through such an appeasement our people will be spared from further calamities of war, and peace in East Asia will be established on a solid foundation based on our ancient moral code. On the other hand, the friendly relations happily existing between this country and the European and American Powers will be maintained and upheld.

"Further, as the Reformed Government is founded on the realities of the prevailing situation in the Provinces of Kiangsu, Chekiang and others, it is, therefore, temporary in nature and is established without any intention of contending with the administration of the Provisional Government. Functions pertaining to a central government which cannot be delegated will continue to be performed by the Provisional Government in consultation with the Reformed Government. As soon as communications are restored on the Tsin-Pu and Lung-Hai Railways, the Reformed Government will amalgamate itself with the Provisional Government. It is not our desire to have two rival governments functioning within the country.

"In the administrative sphere, the restoration of public peace and order, the relief of the destitute and homeless, the rehabilitation of agriculture and commerce are pressing questions demanding attention. Measures will be taken and combined efforts made to secure orderly progress in these directions to enable the people again to pursue their callings and to earn their livelihood in peace.

"In dealing with the present situation, as in the case of treating physical injury, palliatives to ease pain and heal the wound must precede remedies for improving the general constitution of the patient. Ravages and sufferings of war must be diminished or removed at the outset in order to preserve the vitality of the nation and to expedite the recuperative power of the people. To indulge at this distressing moment in idle discussions of theories of government and of ways and means of making the country powerful and prospreous, would be tantamount to deceiving our sorely tried brethren whose precarious existence demands urgent alleviation.

"In the midst of widespread devastation and with hostilities yet unabated, it is fully realized that the task of rehabilitation will encounter great difficulties. The Government is determined therefore to use every endeavor and spare no effort to accomplish its undertaking for the common weal. It hereby solemnly announces its resolution to all."

Signed: LIANG HENG-CHI,
WEN TSUNG-YAO, etc., etc.

Many congratulatory messages were received from Japanese, both in China and Japan including of course, Gen. S. Hata, Commander-in-Chief of Japanese Force, in Central China; Count H. Terauchi, Commander-in-Chief of Japanese Forces in North China; M. Tani, the Minister-at-Large at Shanghai; Prince Kotohito Kan-in, Chief of the Tokyo Army General Staff; Admiral Prince Hirotasu Fushimi, Chief of the Naval General Staff; Foreign Minister Koki Hirota; War Minister Gen. Sugiyama and Navy Minister Admiral M. Yonai. Most important was the message of Gen. S. Hata who declared that the Japanese Army would strongly support the new regime and would continue without cessation to combat the "old influences" which stood in the way of its development. "It is a matter of satisfaction to the Japanese Army, the statement continued, that the new regime, acting in close concert with the Provisional Government in Peking, "makes its fundamental policies the establishment of peace in the Far East, destruction of Communism, eradication of one-party despotism, elevation of the moral principles of the East, relief of co-nationals, and friendly intercourse with neighboring countries."

The Army is also gratified, the message added, that the new Government "makes its national principle the maintenance of intimate relations and cooperation between Japan and China."

The message concluded with the hope that the population of Central China, "relying upon the Japanese forces and allowing no doubts to creep into their minds, will adapt themselves to the guidance of the new Government and put forth their cooperative efforts for its healthy development in the future."

Mr. Tani's statement declared, "Recognizing the importance of Sino-Japanese amity in securing everlasting peace in the Orient, the Japanese Government has spared no effort to foster friendly relations between the two countries.

"We are now gratified to witness the inauguration of a new Government to meet the urgent need of the people in this area for guidance in the rehabilitation of Central China.

"We pledge full support to the policy of the new Government of securing everlasting peace in East Asia in collaboration with the neighbouring countries.

"It is hoped that the new Government will, when the proper time arrives, join the Provisional Government for the common goal of liquidating the misrule of the Nationalist Government.

"We extend hearty congratulations to the 400,000,000 people of China on the birth of a New China, where

people will be able to live in happiness.

Sheng Nung-yi, spokesman for the new regime who is Vice-Minister of Industry, declared according to *Domei* that all contracts and treaties concluded after March 28 between the National Government and any provincial administration with Foreign Powers and individuals will not be recognized by the "Reformed Government of the Republic of China."

A spokesman of the Tokyo Foreign Office stated: "Japan is not interested," and declined to discuss the matter. Tokyo papers were full of praise of the new regime. The *Japan Times* told its readers that the inauguration marked "another epoch in the building up of a new era in China." The Tokyo *Asahi* paid a "warm tribute to the courage of the Chinese leaders who participated in the new regime in defiance of terrorist scares," because they were not afraid of assassination similar to that of Gen. Chow Feng-chi, ill-fated would-be War Minister in the new Government."

Establishment of the puppet regime in Nanking brought forth scathing criticism from National Government officials in Hankow. They were condemned as corrrupt politicians. A spokesman of the National Government revealed that Wen Tsung-yao, head of the judicial department, is the father of Marie Wendt, who created a sensation in the United States two years ago as one of the leaders of an international dope smuggling ring. Chen Lu, described as the "puppet Foreign Minister," was badly beaten 15 years ago by Chinese students in Paris for his pro-Japanese sentiments at a time when he was serving as Chinese Minister to France. The spokesman pointed out that Chen Chin-tao, Finance Minister in the new regime, was imprisoned in Peiping 10 years ago for embezzlement. "Such corrupt officials," the spokesman said," as a dope smuggler's father, crooked lawyers and Formosans are the leading supporters. The structure of the Nanking regime is frail indeed and must collapse as soon as the Japanese troops retreat."

The Ministry of Foreign Affairs at Hankow condemned the Nanking regime, declaring "The Nation has repeatedly made clear its attitude toward these puppet regimes. They are completely dominated by Japanese. The participants will be duly punished in accordance with the Law on Offenses against the State, and Japan will be held responsible for all the actions of the puppet regimes."

While his rival puppets were celebrating their good fortune of gaining the favor of the Japanese as heads of the "Reformed Government" in Nanking, Wang Keh-min, described by *Domei* as "key" member of the "Provisional Government" at Peiping had a narrow escape from assassination on March 29. According to *Domei*. five Chinese gunmen fired at Wang and his intimate Japanese friend, Eiji Yamamoto, who were riding in a motor car. The bullets missed Wang, but hit Yamamoto, injuring him on the face and arm. News of the abortive attempt on Wang's life caused a sensation in Peiping.

Peiping on March 23 announced the opening of headquarters of the Hsin Min Hui or the Society for the Rejuvenation of the People, organized by a group of Japanese and Chinese. Headed by Hsieh Chieh-shih "Manchukuo" Foreign Minister and Wang Keh-min, the Society issued a manifesto, denouncing the National Government and assuring that it would "guide the people in achieving co-operation between China, Japan and Manchukuo."

According to a *United Press* report, only two out of over 100 hsien or counties in Hopei were safe for farming at present. Nine-tenths of the province was over-run by "banditry," said the Japanese military organ in Tientsin, the *Yung Pao*.

On March 29 which was 28th anniversary of the Canton Uprising when seventy-two revolutionists were killed in the first major attempt to overthrow the Manchus, the Sixth Plenary Session of Kuomintang Delegates was opened in Chungking. Most important items on the agenda were measures concerning the prosecution of the war of resistance against Japan and readjustment of the relationship between the Kuomintang and the Chinese Communist Party. Other matters such as wartime production and education, refugee relief will also be considered.

Anniversary of the Canton Uprising was observed in many parts of the country, excepting areas under Japanese military occupation. In Shanghai, Chinese residents marked the day by displaying the "Blue-Sky-White-Sun-Red-Field" national flags at half mast. Many Chinese schools and banks inside the Settlement areas were closed for the observance of the day. In some circles, a patriotic movement planned some days ahead resulted in oath-taking by many patriotic Chinese who pledged their loyalty to the National Government in opposition to the "puppet regime."

Concerning the strength of Chinese forces, *Domei* carried a report from Tokyo, quoting a War Office Communique, "although demoralized by ceaseless land and air attacks, the Chinese troops still number 130 Divisions." Scattered over a vast area, these troops are increasingly resorting to guerilla warfare, as contrasted with their former reliance upon positional strategy, the statement added. The distribution of the Chinese troops:

Pinghan front—Armies commanded by Generals Sung Cheh-yuan, Wan Fu-lin and Shih Yu-san;

Shansi front—About 36 divisions, who, in collaboration with the former Communist troops, are engaging in guerilla warfare, from their mountain strongholds;

Lunghai Railway front—Western section,—About 15 divisions of Central and Szechuanese troops;

Lunghai front, Eastern section—Gen. Tang En-po's troops deployed along the railway and the Grand Canal;

Anhwei front—About nine divisions at Fengtai and Luchow, whence they are staging raids upon the Japanese-controlled territory in Kiangsu.

Sun Fo, President of the Legislative Yuan, who arrived in London from Paris March 24, appealed for international co-operation to aid China against Japanese aggression. "The best and most effective way in which the western Powers could help China to resist aggression is by granting credits to enable her to obtain the modern weapons and supplies her army needs." Referring to his journey to Russia, he said: "I don't expect the U.S.S.R. to take any military steps to assist China unless Japan attacks Soviet territory." Sun expressed optimism concerning Chinese resistance. "Our resistances increases as well as our armaments. We are organizing new armies. We have been resisting for eight months and are now stronger than before. We shall fight until our national forces succeed in throwing back the invaders. Sun planned to stay in England for a few weeks, during which time he planned to see some of the British leaders unofficially. He called on Lord Halifax, Foreign Secretary, on March 28 and had a lengthy discussion on the Far Eastern situation with Sir Alexander Cadogan, Permanent Under-Secretary of State for Foreign Affairs who formerly was Ambassador to China.

According to Shanghai Mainichi (March 25), Joseph Stalin, Russia's dictator and Sun Fo reached an agreement on Soviet military aid to China, the terms being (1) Conclusion of a defence accord between China and the Outer Mongolian Republic; (2) Construction of railways and military highways linking Soviet-Russia with China's Northwest; (3) The type and amount of war materials to be supplied to China by the Soviet Government. Stalin was said, however, by the *Mainichi* to have attached a four-point "rider" to the agreement providing, (1) Absolute "political parity" between the Kuomintang and the Communist Party; (2) Removal of all German military advisers; (3) Organization of a Joint Russian-Chinese-Mongolian Defence Committee; (4) Allotment of 50 per cent of military supplies from Russia to the Chinese Communist armies.

Madame Sun Yat-sen, widow of the late Dr. Sun who has been in Hongkong, was urged by Madame Wang Ching-wei and other Chinese woman leaders to go to Hankow and take active part in the Government and help consolidate Kuomintang-Communist co-operation. Madame Sun has not announced her intentions.

Following the lead of all countries during the World War in coining the slogan of "food will win the war," Chinese officials in Hankow recently opened a nation-wide campaign to grow larger crops and save food for emergency.

The Military Affairs Commission ordered the Kwangsi provincial authorities to recruit a total 5,000,000 men and give them intensive training to serve as reserves.

Civic leaders in Kunming, capital of Yunnan, have petitioned the Yunnan Provincial Government, for permission to organize a volunteer corps for active participation in the war. Several hundred women of Canton's War Relief Corps paraded (March 22) before the Municipal Government's administrative building. Many of the women had served with Red Cross units on the Nanking front. A few never returned, but the Corps' number is rapidly growing. It intends to be fully prepared for a Japanese invasion of Kwangtung.

Gen. Teng Hsi-hou, Pacification Commissioner of Szechuen and Hsikang, assumed his post at Chengtu.

Gen. Chang Chun, new Chairman of Szechuan Provincial Government, will go to Chungking in the middle of April to take up his post. Gen. Chang's appointment was opposed by Szechuan provincial military leaders. Gen. Chang was formerly Foreign Minister.

Gen. Ho Chien, former Honan Chairman, was sworn into office as Minister of the Interior, at Chungking, March 22.

H. C. H.

Soviet Proposes Collective Action to Check Aggression

M. Ivan Maisky, Soviet Ambassador in London, called at the Foreign Office March 17 and delivered a note in connection with the Soviet proposal to invite all great powers to discuss what action was necessitated by the German occupation of Austria and the threat to Czechoslovakia.

The Soviet proposal for such a conference, it was learned, was made simultaneously in London, Washington, Paris and Prague by the respective Soviet diplomatic representatives. The note delivered to the Foreign Office was accompanied by a covering letter stating that it conveyed the views of Soviet Russia.

Manchukuo to Withhold Last C.E.R. Payment

Manchukuo formally announced on March 18 that it was withholding payment of the last instalment on the Soviet share from the sale of the former Chinese Eastern Railway.

The action, a spokesman for the Government declared, was taken in view of the Soviet failure to pay about Yen 5,500,000 for telegraph tolls, freight rates and delinquent taxes. The final instalment falls due on March 23.

Formal representations on the matter were made to the Soviet Government last Thursday by the Manchukuo Foreign Office through the Soviet Consul in Harbin. The agreement for the transfer of the Soviet share in the railway to Manchukuo was initialled in Tokyo on March 11, 1935. The former Nanking Government protested the sale as "illegal and without binding force on China."

Soviet Captain Fined for Entering War Zone

Captain Harataev, of the Soviet s.s. Kuznetstroy, was fined Yen 1,500 March 19 by a Hakodate court on charges of having violated the Military Secret and the Shipping Laws. The Soviet skipper was held in a prison until his hearing.

He was arrested on Feb. 19, after his ship dropped anchor in the closely guarded Tsugaru fortified zone, off Aomori Prefecture. The Captain pleaded he was seeking shelter from a severe snow storm.

The 2,926-ton vessel carried 33 passengers, eight of whom were women. When the presence of the ship in the prohibited waters was discovered by Japanese fishing boats, gendarmes boarded the Kuznetstroy and, after a thorough examination, detained the captain.

Retaliation for the detention of the ship was later threatened by the Soviet Government in oral representations made by Mr. Michael Slavussky, Soviet Ambassador to Tokyo.

Crime Wave, Terrorism continues in Shanghai Area

Brigands, terrorists, shootings and bombings have served to keep certain sections of Shanghai in a high state of jitters during the last week.

A gang of 20 brigands, three armed with pistols, invaded Fah Hwa Village in the Western District on March 27, rounding up several score of, villagers and relieving them of their cash and property. According to the report, a large amount of clothing and some cash was taken by the brigands. During the raid, four shots were fired and one of the Chinese victims was wounded.

One armed robbery was reported March 26. Eight men, three armed with pistols, entered a Chinese dwelling at 34 Koh Loh Fong off Connaught Road at 6.30 o'clock, stealing $400 in cash and valuables. In West Hongkew, detectives were attempting to round up a gang of robbers responsible for several recent crimes in that district. Two arrests in connection with the case were made Friday afternoon by Detective Sergeant J. W. Sanbrook. Besides nabbing an aged woman and her daughter, he seized two pistols which were found hidden in the false bottom of a box in the woman's home.

Seven armed robbers were given long jail terms March 26. Three received sentences ranging from nine years and six months to five years for having looted a cargo boat at the McKenzie Company Wharf, Pootung, on March 6. Four gangsters responsible for three robberies were given prison terms ranging from nine to two years.

A bomb, which failed to explode, but burnt out, was found at the back entrance of the former *Lib Pao* newspaper office, 289 Kiukiang Road, March 27. It was placed behind a roll of paper. A report was made immediately to the Central Police Station and the bomb was removed. Nobody was injured nor was there any damage to property.

Japanese naval authorities and gendarmes investigated a shooting case in which a Japanese gendarme received a superficial wound in the leg on March 26. According to information from independent sources, a Japanese sentry fired a shot at about 10.30 p.m. after a motor car had knocked down a Japanese civilian in North Szechuen Road, and failed to stop. The shot was fired to draw another sentry's attention to the case.

One boatman was killed and another received serious wounds March 26, when they were fired on by a Japanese sentry near the Texas Oil Co. wharf in Pootung. Although the incident occurred at about 5 a.m., the two boatmen were only brought to the Customs Jetty shortly after 2 p.m. One of them was found dead, while the other one was immediately conveyed to the Lester Chinese Hospital in an ambulance.

Heavy rifle and machine gun fire was said to be audible in Pootung at about 3 a.m. March 26, says a Chinese report. The shooting lasted about ten minutes. The cause was not known. Earlier in the day, it was reported in Chinese circles that the reorganization of the Chinese mobile units in Pootung by the Japanese had not been completed.

Property seized by the Japanese gendarmerie March 25 from the house at 11 Hwakee Avenue of Yu Yu-jen, Chinese government official, is now in the "Ta Tao Government's" central police station at 92 Jessfield Road, reliable reports claimed this morning. Mr. Yu's house is on Bubbling Well Road in the American defense sector. At the time of the furniture seizure, a marine patrol car was on the scene, but the latter did not interfere, and it was later said that the matter was being left in the hands of the Municipal Police.

The German Catholic Church in Lingyi, southern Shantung, was hit by bombs and damaged on March 16 during the Japanese air raid on the city, according to a message received in Hankow from a German Catholic priest.

China Trade Act Charter Revoked

Judge Milton J. Helmick, in the U. S. Court for China March 25, decreed the revocation of the certificate of incorporation of Karatzas Brothers, a tobacco firm in Tientsin. The action was brought by Mr. Leighton Sheilds, District Attorney, in the name of the United States at the request of Miss A. Viola Smith, Registrar under the China Act. As grounds for revocation the complaint alleges the following violations: that the executive management of the corporation has been wholy surrendered by the directors to one individual who is not a citizen of the United States; that shares of capital stock have been paid with other than cash and no certificate describing the consideration, etc., has been filed with the Registrar; that the annual report for 1936 recited a fictitious indebtedness of $400,000, and that the annual report for 1935 does not contain a correct statement of the ownership of the shares of the capital stock.

Admiral Re-visits Battlefields

Burning incense and leaving flowers before each tablet marking the spot where a blue-jacket lost his life, Rear-Admiral Denshichi Ohkochi, Commander of the Special Naval Landing Party, on Monday made a tour of last year's battlefields north of the Creek. During his journey, which marked the arrival of the Spring Equinox, the officer made stops before "made than 430" tablets local Japanese papers reported.

Trade Boom Awaiting Shanghai Reconstruction

Confidence in the future and the ability of Shanghai to surmount all obstacles despite the serious reverses suffered by local business since the opening of hostilities here last August, was expressed March 22 by M. G. Boolsen, chairman of the Shanghai General Chamber of Commerce, at the chamber's annual general meeting.

Pointing out that the war which spread over the greater part of North China, considerable areas in the northern Yangtsze Valley and in the immediate area of Shanghai, brought chaos, disorder and misery, Boolsen expressed the opinion that trade will lag to a great extent until the areas north of Soochow Creek are allowed to return to normal.

Boolsen's report, reviewing the activities of the chamber during the past year, said in part:

"Although the foreign administered areas of Shanghai south of Soochow Creek suffered comparatively minor damage except on two or three occasions during the early part of the hostilities, the surrounding district were to a very large extent almost completely demolished in the course of hostilities and in the successive holocausts that followed. The toll of deaths and injuries among foreigners was comparatively light but damage to foreign-owned property was extensive. It is too early yet to foresee what the outcome will be as far as Shanghai is concerned, but this great city has risen from other calamities, although probably never so serious, with greater strength, and I feel sure that although Shanghai's greatness for the moment appears to have received a setback, as soon as conditions become normal again, the development of Shanghai will forge ahead and its future be assured.

Smuggling Reported Discontinued

"It may have been retarded, but Shanghai will remain the sole important port of entrance and exit to one of the most extensive trading regions in China, and, for that matter, in the world. The immediate future of the long run is assured, geographically, commercially and financially. . . . .

"The smuggling situation in North China continued to take a heavy toll of the Customs revenues in that region. Since the advent of hostilities large quantities of Japanese goods have entered Shanghai too, without payment of duty. This was discontinued. I understand, on March 1. The Japanese authorities stated that military supplies would be brought to China without payment of duty, but it is known that the goods which entered duty-free were by no means confined to this category.

"A good deal of criticism has been leveled at the responsible authorities regarding the delay in opening up areas of the International Settlement north of Soochow Creek and surrounding districts of Shanghai which were occupied by the military forces. It is the general opinion that the delayed opening up of these areas has militated seriously against the resumption of trade in this port. I am glad to say that the greater portion of Shanghai north of Soochow Creek, including Chapei, has now been thrown upon with certain restrictions, but until the restrictions are eased the confidence which is so essential to the opening up there will be lacking. It is to be hoped that the remaining districts around Shanghai, including Nantao and Pootung, will be opened up for the free movement of merchanise, and the opening of factories as early as possible.

"On March 1 owners were permitted to remove cargo stored at the China Merchants wharves, but the restrictions against inspection of the cargo were such that great confusion was caused. As far as one can gather, cargo stored in the godowns was seriously congested and in the absence of permission to consignees and the Customs to make a proper inspection, serious difficulties arose with the result that in many cases consignees were unable to take delivery of their cargo.

10 Per Cent of Cargo Retained

"In instances where Customs duty had not already been paid, it was impossible to assess duty in the absence of proper inspection and in cases where duty had been paid, cargo was delivered to consignees other than that described in the bills of lading; shortages also were frequent. This matter was taken up the chamber with the Japanese authorities through the senior consul who has informed the chamber that he is in communication with the Japanese authorities on the subject.

"Difficulty also arose at the Japanese-owned wharves in connection with waste metals, The wharf companies agreed to deliver to consignees 90 per cent only of their cargo, giving as the reason the fact that in many cases the marks had been obliterated from the cargo in question and until such time as it was possible to ascertain whether shortages existed, the 10 per cent would be retained and delivered to consignees either in full or in part, according to shortages discovered at a later date. This matter was taken up by the chamber with the Japanese Chamber of Commerce, pointing out that the detention of the cargo in this manner was illegal. A reply is now awaited.

"Navigation by deep draft vessels of the approaches to Shanghai, including the Whangpoo river, has been seriously hampered by the complete suspension of dredging operations, and it would seem that unless dredging is resumed in the near future irreparable damage to the Port of Shanghai may result...

"Another disturbing factor has been the recent revision of Customs tariff in North China, where reductions of 50 per cent or more from the tariff rates previously in force in the north and still effective in other parts of China have been introduced. The reductions which have been introduced appear, without a doubt, to favor imports from Japan exclusively, the importers of other nations, as far as I know, never having been consulted at all as to their views...

New Exchange Ruling

"Last year your chairman commented on the efficient control of the currency by the government during its first year of trial as evidenced by the narrow spread in the market rates of exchange. This year I feel justified in pointing to the stability of the currency which has so far been maintained by the government over a period of national crisis,

"Since my remarks were first prepared, the Chinese Government has issued a mandate dealing with the Gentlemen's Agreement entered into with banks at the outbreak of hostilities last August, with the object that foreign exchange should be furnished only for legitimate purposes. The new mandate now provides that as from March 14, 1938, sales of foreign exchange shall be centralized through the Central Bank of China at the seat of government. For convenience, the Central Bank of China may establish a forwarding office in Hongkong.

"It is believed that the new procedure was adopted to meet the possibility of displaced northern notes being sent to Shanghai to convert into free foreign exchange. The Chinese Government hope, as the result of the new procedure, to protect their currency reserves and a flight of capital from China.

It is beyond my sphere to forecast the outcome of this unhappy conflict which is assailing the fortunes of all those interested in China's welfare and trade, but it is sincerely to be hoped that both national parties will realize the futility of pursuing the struggle to a point of financial exhaustion.

Japanese Realizing Error of Ways

"I think we all appreciate the recuperative powers of China's trade given a return to normal conditions. There can be little doubt that the reopening of the Yangtsze waterways to commercial traffic, the reconstruction of devastated areas around Shanghai and the return to their homes in the hinterland of the inhabitants engaged in agricultural pursuits, will go a long way towards restoring movement in trade. In fact, a minor boom may be reasonably anticipated, but it must not be overlooked that the purchasing power of the populace to whom we look for consumption of our commodities has been seriously depleted so that progress towards this end must necessarily be slow.

"I have the impression, however, that the Japanese military authorities are already beginning to realize the advantages to be gained by opening up surrounding markets and are encouraging the farmers to return to their normal life. As I see it, the ultimate fate of the outstanding commitments of foreign firms rests largely on world prices of the principal commodities imported into Shanghai . . . .

"Turning to the accounts, there is nothing calling for special comment with the exception of a minor printer's error. The balance of cash in hand has been carried down incorrectly as $6.40, instead of $6.64. . . . ."

The chamber elected the following to serve on the general committee for the year: Messrs. G. Boolsen, P. H. Bordwell, R. Bringert, J. D. Carriere, K. M. Fetterly, C. S. Franklin, Jobard de Gapany, Y. Hauanwa, A. S. Henchman, Frithjof Hoehnke, C.J. Knipschildt, W. H. Lock, F. A. Pollock, U. M. Tavella, L. Vanderstegen, J. R. Weeks.

Alaskan Fishing Truce Reported

The Department of State issued a communique March 25 announcing that the Japanese Government had agreed to give up salmon fishing in Alaskan waters for three years, a report from Washington, D.C., said.

Government circles expressed satisfaction but surveillance of Japanese fishermen off the coasts of Alaska will be continued until a complete accord is reached between the United States and Japan on this question.

U. S. Holds Up Helium Gas

Because no formula has been found to guarrantee against its military use, shipments of helium to Germany for the new German zeppelin have been delayed by the Government, a March 24 report from Washington said.

According to the Department of the Minister of the Interior, which has the final say in the matter, changed political conditions have made such a formula increasingly difficult to find. Strict regulations governing exports of helium gas from the country are in force in the United States.

Vessels Must Get Permits to Ply China Waterways

Permits will be required of all vessels plying main inland waterways in the Central China areas now under Japanese control, the Japanese Navy, Army and diplomatic authorities in Shanghai announced March 20.

The permits, issued by the Japanese naval and military authorities, will be necessary for pleasure as well as business craft. The authorization will be granted free of charge, the announcement stated. Any ship contravening this rule will be subject to seizure, together with its cargo.

The announcement in full was as follows:

"1. For the time being, navigation by all steamships and motor boats, other than those possessing 'inland stream navigation permits' issued by the Japanese Army and Navy authorities, is hereby prohibited on the following water routes located in areas now under the control of the Japanese Army and Navy:

"(a) Shanghai-Sungkiang (Pungliamao)-Pinghu.
"(b) Shanghai-Sungkiang-Kashing-Hangchow.
"(c) Shanghai-Sungkiang-Pingwang-Wushing.
"(d) Shanghai-Hwangtu-Chukiakiao.
"(e) Shanghai-Quinsan-Soochow-Wusih-Wutsin-Tanyang-Chinkiang.
"(f) Shanghai-Quinsan-Changshin-Soochow.
"(g) Shanghai-Kating-Taitsang-Changshin.
"(h) Shanghai-Tsungming Island-Tungchow.

"Boats propelled by man-power, while exempted from this rule, must obtain the above-mentioned permit.

"Any ship contravening this rule shall be subject to seizure, together with its cargo.

"A person desiring to obtain the above-mentioned permit must submit two copies—one each to the Chiefs of the Special Service Departments of the Army and the Navy respectively—of an application clearly setting forth therein the name of the ship, the names of the owner and the persons employed on the ship, and the route, period and purpose for which the permit is sought. The permit will be issued gratis upon due examination of the application.

"2. No special restriction is imposed upon the use of small streams or local routes not included in the above list. In case of necessity, however, such use may temporarily be prohibited or restricted by the Japanese Army and Navy.

"3. Use of the routes mentioned in the preceding paragraph will be permitted only as far as the nearest locality in which an office of the Kiangche Steam ship Company is situated.

"4. No special restriction is imposed upon navigation by ships for purposes other than that of business. But even in the case of such ships, permits will be required for passage through the routes included in the above list."

Aid for China Shipping Business Planned by Tokyo

Measures to expand shipping business in China are being studied in Tokyo by the Ministry of Communications, Mr. Katsutato Tajima, Parliamentary Vice-Minister of Communications, told the Lower House March 19.

Discussing the question in response to a query by Mr. Jiro Hosijima, of the Seiyukai, Mr. Tajima disclosed that the North China and Central China Development Companies, which are to be established in the near future, would not be in a position to undertake shipping enterprises.

Shipping business in China in general and along the Yangtze River in particular, he said, would be transacted by a "national policy" shipping company. He did not reveal further details of the plan.

Italian Friendship Mission Joyously Welcomed in Tokyo

Fascist Italy's "deep-rooted friendship" with Japan was emphasized ih a statement, issued last week by Marquis Giacomo Paulucoi, head of the visiting Italian goodwill mission, a few hours after its triumphant entry into Tokyo.

"Premier Benito Mussolini," the statement to the Japanese nation said, "sent the mission here in token of his friendly sentiment towards Japan. Similarly, Il Duce will show his sympathy for Germany in receiving Reichsfueher Adolf Hitler in Rome this summer."

Marquis Paulucci informed the press at the Imperial Hotel that he is carrying with him a message to Emperor Hirohito from the King and Emperor of Italy, and messages from Il Duce other Italian leaders.

The messages, Marquis Paulucci, said, point out the spiritual union between Italy and Japan, on which the anti-Comintean Pact is based. The messages expressed hope that the pact will be strengthened and developed "like a sturdy oak," while friendship between the two nations will be further cemented.

"Italy and Japan," the messages said, "are compelled by ethnical and geographical need to secure for themselves an adequate place in the world." With the visit of the Italian mission Tokyo took on a festive air, with Japanese and Italian flags fluttering in the breeze and pictures of Premier Mussolini dominating shop-window displays.

Japanese Seize More Chinese Coal Mines in Shantung

Japanese Army officers and other officials have taken over control of the Chungshing Colliery Company, one of the largest coal mining properties located in southern Shantung at the town of Tsaochwnag. The Chungshing mines, electrically equipped with latest type machinery, were said to contain reserves of 23,000,000 tons of coal. The Company, once largely owned by the former Chinese President, Li Yuan-hung, was capitalized at $10,000,000. The present management of the mines was ousted when the Japanese occupied the Tsaochwang-Lincheng district.

The towns of Lincheng and Tsaochwang were the scenes of a famous Chinese bandit raid on a Blue Express train on the Tientsin Pukow railway in 1923 resulting in the kidnapping of some 30 foreigners and 70 Chinese most of whom were held for ransom for more than a month in the Shantung mountains.

In addition to the seizure of the Chungshing Mines, the Japanese Army also seized the Liu Ho Kou coal mines located in northern Honan, of which Dr. C. T. Wang, Chinese Ambassador in Washington, was president and managing director, prior to his diplomatic appointment.

Peiping Officials Required to Subscribe toControlled Newspaper

The Hsin Min Pao, semi-official newspaper in Peiping, published an "order" March 20 requiring all organs of the Provisional Government to compel their officials and employes to subscribe to the paper. The move was made to properly imbue the officials with the "Hsin Min spirit and principles," the announcement said. Lagging circulation of the paper rose by more than fifty per cent after the "order" was printed.

Japan Seeks North China Tobacco Monopoly

The Japanese Tao Tobacco Company is negotiating for the purchase of the only Chinese cigarette factory in Tientsin as the first step in the establishment of a Japanese tobacco monopoly in North China, persons connected with the negotiations told the *United Press* March 20.

It was learned that the Japanese firm was offering a low price under a threat to "freeze" the Chinese company out of business should it reject the offer.

The contemplated transaction was said part of a plan already drawn up for a Japanese tobacco monopoly with the Tao Company monopolizing the Tsinpu Railway area. The Manchukuo Tobacco monopoly was said to have been assigned to the Pinghan Railway area under the plan.

Settlement of Shanghai Customs issue Expected Shortly

Early solution of the Shanghai Customs issue was seen Tuesday by the newspaper *Asahi* as the result of the arrival in Tokyo of E. L. Hall-Patch, financial advisor to the British Embassy in China. The British economist, the daily said, will apparently assist Sir Robert L. Craigie, British Ambassador here, in his negotiations with Mr. Kensuke Horinouchi, vice-minister for Foreign Affairs. Great Britain, the journal said, is obviously awakening to the realities of the situation in China, whose latest manifestations included:

1. Inauguration of a new Reformed Government in Nanking;
2. Creation of a Sino-Japanese Economic Council in Peiping to supervise the economic development in North China;
3. Control of navigation in the waterways of Central China as proclaimed by the Japanese authorities.

Foreign Minister Koki Hirota last week went on record favoring the seizure of the Shanghai Maritime Customs by a new Central China regime "soon to be established." In concurring with the opinion of Seichiro Kita, of the Minseito, regarding the disposal of the Shanghai Customs, Hirota, however, remarked that in such an event it would be necessary to "respect scrupulously the vested rights and interests of other nations." Negotiations regarding the amount of the revenue in Shanghai that should be earmarked for service on foreign loans were still under way in Shanghai, Hirota further revealed. Meantime, Mr. Okinori Kaya, Minister of Finance, announced that the Japanese Government intended to link the currency of the Federal Reserve Bank of China with the yen.

Mrs. De Salas Faces Court

The defense in the trial of Mrs. De Salas March 30 in the United States Court for China concentrated efforts on proving good intent in connection with the $3000 postdated checks issued in purchase of various merchandise during the early part of February this year. Mrs. De Salas is alleged to have been awaiting a remittance from her sister in San Francisco for U. S. $800 covering the purchases of things Chinese for the sister and friends in California. This remitance actually arrived and it is understood that all bills and accounts outstanding against the defendant were paid in full over a month ago, prior to her arraignment but after her arrest.

SIXTY JAPANESE BOMBS KILLED MORE THAN 1,000 AT CHENGCHOW

(Photos by T. T. Tang, Hankow.)

Some of the destruction resulting from a Japanese bombing raid on Chengchow, Honan province on Feb. 14. The Japanese dropped some 60 bombs, most of them apparently aimed at the railway station, but many of the explosives fell in densely populated sections causing serious havoc among civilians and destroying much residential property. According to a census by neutrals the number of houses destroyed or damaged exceeded 400 while the number of civilians killed exceeded 1,000. Heavy casualties were due to the fact that while Chengchow had been frequently flown over by Japanese planes, no bombs had been dropped and this caused the people to go about their affairs normally. Twenty Japanese bombers participated in the attack on Feb. 14.

Upper Left—Wreckage of the Hua-An Hotel, leveled to the ground with a Japanese shell which killed more than 200 guests and employes. *Upper Right*—The Post-Master (wearing cap) at Chengchow examining the ruins of the city's chief post office following the Japanese air-bombing which killed 22 clerks and destroyed all the mail in the building. Remains of the Yellow River bridge, just north of Chengchow, completely destroyed. *Lower Left*—One of the many victims.

JAPANESE COMPEL CHINESE TO REVIVE ANCIENT CONFUCIAN CEREMONIES

Ancient Confucian ceremonies conducted in Peiping under Japanese supervision on March 6 at the old Confucian temple which has been reconstructed at considerable expense by the Provisional Government. The Japanese military authorities believe that a revival of Confucianism, or "respect for monarchy" will cause the Chinese to forget their animosities toward the Japanese. Among those present at the above ceremonies were Tang Erh-ho, chief of the educational section of the Provisional Government and Mayor Yu Ching-ho of Peiping.

Austrian Plebiscite Campaign Opens; Reconstruction Plans Drafted

WHILE the world watched with interest this week the opening of the electoral campaign for the Austrian plebiscite and the "Greater Reichstag," there was no doubt in the average reader's mind what the eventual outcome of the plebiscite will be—a victory, of course, for the Nazis. Since the campaign opened March 24th, the National Socialists have been working vigorously to ensure a smashing triumph for their party in order to justify the Anschluss. In particular, they are seeking the friendship of the working classes and the former Social-Democrats.

The press at present is enjoying a certain amount of freedom since it has not been subjected to censorship, but it is expected that it will be soon brought into line with the regime prevailing in Germany. A Nazi Commissioner will be stationed in the offices of every newspaper to issue instructions and to see that certain information is included, to prevent detrimental reports and to make sure that only the official versions of various events are published. However, the newspapers will be allowed to publish a limited amount of private reports. In the matter of political tendencies, the "Fatherland Front" is no longer mentioned as it is considered completely beaten and of no danger.

The Catholic Church has not clearly revealed its attitude as yet. Cardinal Innitzer who rallied to National-Socialism immediately after the annexation has cooled down somewhat since a manifesto which he drafted appealing to the people to follow his step was not read in any church. Monarchists rae being despised. Referring to the head of the Hapsburg family, Herr Buerckel called him "Otto the Last." On the other hand, everything is being done to obtain the support of the former socialists. They have been given back the positions from which they were excluded by Dr. Engelbert Dollfuss, former Chancellor of Austria who was assassinated during the Nazi Putsch in 1934; their courage is praised, while many Socialist chiefs have been released from prison.

Finally, they have been chosen to spread Nazi propaganda, and are being shown the Nazi achievements in Hamburg, Berlin, Duesseldorf. Sarrebrueck, and Munich to convince them that Herr Hitler achieved what was dreamed by their former leaders.

Ambitious 17-Point Program

A vast and ambitious 17-Point program for the reconstruction of Austria and the incorporation of Austria in the German four-year-plan was announced by Field-Marshal Goering, director of Germany's four-year-plan, in his first public speech since the Austro-German Anschluss. The new program, as announced by General Goering, provides for:—

1. A fixed ratio between the Austrian Schilling and the German Mark;
2. The immediate payment of the 60,000,000 Marks held by the German clearing system;
3. Immediate removal of all customs duties between the two countries;
4. Erection of a barracks, an airdrome and an aviation factory near Vienna;
5. Building of factories for military supplies;
6. Exploitation of Austrian water power;
7. Mineral development of Austria, including systematic exploration;
8. Boring for petroleum in the Vienna Basin;
9. Development of the chemical industry;
10. Erection of a cellulose wool factory near Vienna;
11. Rationalization of the Timber Industry;
12. Prompt construction of motor roads, especially in communication with the German system of roads;
13. Building of two new bridges over the Danube, one in Vienna and the other in Linz;
14. Development of railways and the abolition of narrow gauge lines;
15. Evolution of plans for the construction of a canal linking the Rhine and the Danube, via the Main;
16. Construction of a big harbor on the Danube in Vienna; and
17. Scientific development of agriculture, including the provision of easy credits to farmers.

"Hitler Sees Tremendous Success"

The view that Germany should have incorporated Austria by international negotiations was refuted by Herr Hitler in opening his election campaign in Koenigsberg. Germany, he said, had been torn asunder and mercilessly oppressed without reason, and her petitions, complaints and admonitions had been ignored. "We still have a few injustices to complain of," he added. Continuing, the Fuehrer declared that "we have performed a miracle and have won, within a few days, more than in former wars lasting many years, namely, 84,000 square kilometers and 6,500,000 inhabitants."

"That is a tremendous success," he asserted. "I am convinced that all Germany will march on April 10, when I shall be the General of the greatest army in the history of the world. In giving my vote, I shall know that 50,000,000 people are behind me."

The paper on which Austria is to vote for the plebiscite on April 10 reads: "Do you recognize as our leader Adolf Hitler and, thus, the union between Austria and the German Reich realized on March 13?"

No Jews will be allowed to vote.

British subjects in Austria are being advised by British Consular officials to leave the country for the time being unless business and other ties necessitate their presence. This follows reports that some visitors in Austria have encountered certain brusqueness from Austrian Nazi officials. Matters are now improving, but people in London, consulting the authorities in regard to tours in Austria, are being advised to select another holiday venue.

The above map shows the strategic location of Czechoslovakia in the European tangle, as well as Danzig and the Polish corridor separating East Prussia from the Reich. Some circles believe that Hitler may be considering a compromise with Poland whereby Poland should control Lithuania in exchange for Reich expansion into Danzig and possibly the Polish corridor.

British subjects in Austria are being advised by British Consular officials to leave the country for the time being unless business and other ties necessitate their presence. This follows reports that some visitors in Austria have encountered certain brusqueness from Austrian Nazi officials. Matters are now improving, but people in London, consulting the authorities in regard to tours in Austria, are being advised to select another holiday venue.

Exodus of Jews

From 1933 to the end of 1937 about 135,000 Jews have left Germany, according to an article by Dr. Kurt Zielenziger of Amsterdam published in the magazine *Population*, official organ of the International Union for the Scientific Study of Demographic Problems. This exodus has led to the following "Promised Lands." Europe, 30,000; the United States 15,000; South America, 21,000; South Africa, 4,000; other countries, 2,000. Two thousand have gone to Eastern Europe while 43,000 have found a new country in Palestine. In Europe, France leads as a haven for the German Jews, 6,000 having sought refuge within her borders since 1933. The Netherlands ranks second with 5,000 Jewish immigrants, and England third, with 4,000.

Germany's coup in Austria was made possible by British financial assistance to Germany in accordance with the policy of Mr. Neville Chamberlain, British Prime Minister, Herr Thomas Mann, exiled German author, said in Los Angeles, "I am convinced Mr. Chamberlain made a deal with Herr Adolf Hitler to lend England's support to Germany in return for Germany's agreement to cease her demands for the return of former German colonies," Herr Mann declared.

Nearly twenty per cent of Austria's policemen were secret Nazi agents during the reign of the Governments of Dr. Englebert Dollfuss and Dr. Kurt von Schuschnigg. One thousand of these agents successfully evaded detection although it was known at the time that Nazis had penetrated the police system.

Chinese Press Opinion

The occupation of Austria by Germany, writes the *Ta Kung Pao*, an independent and liberal newspaper published in Hankow, has created a most tense situation in Europe. Will this tension lead to a second World War? Will Europe be able to maintain a temporary peace? Answering these questions, the paper says: "It is yet too early to predicate the outcome but it is needless to say that the general situation resulted from the anschuluss is of momentous importance to the future development of world events."

That Germany took such a bold action in the occupation of Austria, observes the *Ta Kung Pao*, is because of three reasons. Firstly, an understanding has been reached between Germany and Italy and that the latter has agreed not to insist upon the independence of Austria. Secondly, the new armament plan of Germany has been completed and thirdly, the conviction on the part of Germany that neither Britain nor France would take any action to interfere with her actions at the actions at the present juncture.

Austria was not in a position to preserve her independence after the Great War, the paper goes on. That she succeeded in maintaining her independence for the past twenty years was due to the fact that her independence was desired by the various Powers so as to maintain the balance of power in Europe. In as much as millions of her population are Germans, incorporation of Austria into Germany is only natural. The anschuluss does not affect Austria itself so much as the general situation of Europe.

Secondly, the changed situation in Austria has completely overthrown the system of collective security upheld by the League of Nations after the World War. The new countries created after the War are facing increasing pressure from Germany and their safety has been greatly threatened. Thirdly, the entire situation in Europe will be changed, because Great Britain and France failed to help Austria, thus disappointing the smaller countries in Europe, who have always depended upon them for assistance and support. Fourthly, France, which expects always trouble from Germany and Great Britain, which must co-operate closely with France, will be forced to make preparations against any eventuality. No matter what may happened in the immediate future, it is apparent that a second World War is imminent.

NEW STYLE VIENNA WALTZ

Fitzpatrick in St. Louis Post-Dispatch

Schilling to Be Abolished

Extending the effects of the Austro-German anschluss to monetary fields, the National-Socialist authorities in Vienna have decreed the abolition of the schilling as a unit of currency. Credits and deposits will be converted at the rate of one-and-a-half schillings to one Reichsmark. This announcement coincided with the arrival in the former Austrian capital of Col. Gen. Herman von Goring, Reichs Minister of Aviation, Premier of Prussia and Commissar for the carrying out of the "Four Year Plan" for economic development, and other high German officials.

American Teachers Lead Chinese Students on Hike to New Campus

Determined to find a varsity site safe from war, 1500 Chinese youths, including 200 girls, left Sian March 17 on a long and dangerous hike under the leadership of two youthful American professors over the typhusladen and bandit-infested southwestern Shensi mountains for Hanchung, near the Szechuen border, according to a *United Press* report.

Prof. Ben Schaberg, Jr., of Columbia, Missouri and a member of the United States 1936 Olympic gymnastic team, and Prof. Jack Caton, of Sturgis, South Dakota, who are connected with the Sian Provincial University, which consists of three former Peiping universities, are heading the party.

Entraining for Paochi, terminus of the Lunghai Railway, the hiking students will walk to Hanchung in easy stages over an estimated period of ten days.

Chinese military authorities have promised to arrange for the distribution of food. They also promised to provide carts for the carrying of baggage.

Young, husky, adventurous and romantic, Profs, Schaberg and Caton are getting a great thrill from leading the student army to a site where studies may be pursued in safety. Both averred that they wished to train Chinese youths to carry on with the task of governmental reconstruction when hostilities will be brought to a conclusion.

Totally unconcerned with the prospect of subsisting on millet which may perhaps be their only food, they revealed great enthusiasm for launching the hikers on their trip. They jokingly termed themselves modern Hannibals without Elephants.

National Students' Conference

A National Students' Conference was convened in Hankow March 20. The Conference was to be attended by 600 delegates, including those from Heilungkiang, Kirin, Peiping, Tientsin, Shenyang (Mukden), Shanghai and other parts of the country. A representative of the World Students' Federation at Paris was also expected to attend.

Japan May Manage North China University

Management of universities in North China by Japan was forecast in Tokyo March 19 by Marquis Koichi Kido, Minister of Education, in a plenary session of the House of Representatives.

Interpellated by Mr. Fusanosuke Kobayashi, of the Seiyukai Party, regarding his views on cultural activities in North China, Marquis Kido said he would take necessary steps to dispatch to North China experts in charge of compiling school text books, and to maintain close contact with Japanese authorities on the spot. "I shall also give attention to the management of universities in North China," Marquis Kido declared.

Peiping Students Arrive in Tokyo

Sixty students of the "Hsinkin"—New People's—Academy arrived in Tokyo from Peiping March 16 on the first stage of an extensive tour of Japan.

Schools Flourishing Under Ta Tao Guidance

The number of public and private primary schools under the jurisdiction of the Ta Tao (Great Way) City Government (Shanghai) has increased to 25, and their enrollment has nearly doubled in recent weeks, according to the *Shanghai Nippo*.

At the time of the opening of the nine primary schools under the direct control of the Government on March 2 the enrollment figures were as follows: Choupu, 210; Lintang, 150; Yangchiatu, 152; Tungkow, 150; Tungchang Road, 250; Taochiao, 200; Nantao, 100; Kaohsing, 120; and Tsaochiatu, 100. Since then the pupils attending the schools have increased to nearly twice these figures, the paper said.

Davao Issue Discussed in Japanese Diet

Foreign Minister Koki Hirota told the Diet March 20 that he hoped the Philippine authorities would refrain from seeking an "indiscreet solution" of the question of Japanese farmlands in Davao.

The Japanese Government, he added, is paying a serious attention to the treatment of Japanese farmers in Davao by the Manila authorities.

Exchange Panic Halted; Bankers Here Believe Currency Will Firm

THE momentary panic in the foreign exchange market late last week and early this week which swept Chinese currency to a new low for the year, subsided Tuesday with the reports of Chinese army victories on all fronts. Confidence immediately pervaded Chinese financial circles, the Mex dollar firmed, and the demand for foreign currency showed a decided slump in Shanghai.

While foreign bankers expressed the belief that Chinese currency would fall no lower and that possibilities were good that exchange quotations would return to the former buying level of $340 for U.S.$100, much will depend, they said, upon the allotments of foreign exchange to be made by the Central Government Friday of this week. If the allocations made to both foreign and Chinese banks are sufficient, the exchange rates will show a decided improvement.

Monday the market become somewhat panicky. Reasons were that the demand for U.S. Dollars and Pounds Sterling had not yet reached the saturation point, coupled with the inauguration of the "Reformed Government of the Republic of China" at Nanking. Such political moves have what may be termed "logical reactions." Insufficient allotments to banks also had its effect on the market. Chinese currency plunged from $342.61 for U.S.$100 on Saturday to as high as $404.04. But on Tuesday opening quotations on American currency were 23-9/16; by 11:10 a.m. quotations stood at 24-3/8. Sterling opened at 11-3/8 pence, later standing at 11-3/4.

Allotments Not Sufficient

During the first two weeks of the new exchange regulations, a large amount of foreign exchange was required to settle import accounts. Amounts granted were not sufficient, but banks covered requirements out of reserves in the belief that the Central Bank of China would later make good. This it has failed to do and the banks now find their exchange reserve exhausted with all commitments not filled. It is claimed that demands naturally were greater during the first few weeks, but that the Government failed to take this into consideration.

The situation had arisen where people desiring to buy exchange could do so in the open market at a much higher rate than prevailed at the banks. Thus the banks were faced with the alternative of buying needed exchnage in the open market at the best price they could obtain or else stopping all exchange transactions. Purchase by the banks at the rate prevailing in the open market menat that the rate previously maintained by them was no longer in force since a bank could not pay $400 for U.S.$100 and then sell it at the former rate of about $344.

With no further exchange to be obtained from the Central Bank before yesterday banks apparently felt they could no longer be expected to maintain the old rate and so bought in the open market. The present high rate is likely to remain until the next issue of exchange. Should enough exchange then be obtainable, it is likely that the former rate will be resumed. The theory has also been advanced that the Chinese government in not supplying sufficient exchange to Shanghai banks is motivated by the belief that it is no longer to its interest to attempt to keep up the exchange in occupied areas. In both Tientsin and Shanghai the currency has been tumbling.

Bankers Lost Confidence

The general belief, however, on Monday was that banks no longer feel themselves bound by the gentlemen's agreement to support China's currency and they hope that by withdrawing support they will convince the Central Bank that more exchange must be made available in future.

Predictions were made here Tuesday by local Chinese banking circles that exchange would be back to normal within two weeks once traders had overcome their temporary panic. Exchange granted by the Chinese government last week totalled approximately approximately 30 per cent of the £1,300,000 requested, it is declared. This grant was based on statistics of past weekly needs to cover normal Shanghai commerce. This amount, it is claimed, was sufficient to cover all immediate needs, but panicky traders with exchange requirements several weeks hence made requests for immediate grants, apparently fearing that the rate might be higher when their cargo arrived. Thus while their demands were legitimate, they were not immediate and therefore were rejected. Once these traders realize that exchange will be available as it becomes needed, it is stated, normalcy will return to the exchange market.

Banks are inclined to believe the Chinese claim that ample reserves are held, but they feel that more should be made available to cover legitimate, bedrock demands. The desire to restrict imports to the level of exports is understandable, finance experts claim, but only after commitments already entered into before the announcement of restrictions have been met.

Technically, the loosening up of China's exchange purse strings should bring a return to normal and renewal of confidence in the stability of the currency.

Shanghai Japanese Concerned

Japanese business men in conferences with local bankers have indicated that they are concerned about the present state of affairs and equally interested in seeing currency stability. They have urged foreign banks to do everything possible to remedy the situation.

Foreign banking officials in Shanghai scoffed at the report that foreign banks may issue their own notes. Early this week the Ministry of Finance showed great concern over the report of a joint note issue of $50,000,000 by the Tientsin offices of the Hongkong and Shanghai Bank, the Chartered Bank of India, Australia and China and the National City Bank of New York. One American banking official termed such a move, if true, as "foolish."

Meanwhile a new situation developed in Shanghai. The Chinese salt merchants may lose their business, inasmuch as they refuse to apply for permits to the "Kiangsu, Chekiang and Anhwei Salt Administration" organized recently by the puppet regime. Therefore it is believed that the new administration plans on rtansporting salt to Shanghai directly from the salt producing centers. According to the salt merchants, the tax due the Chinese Government for every catty was $7.20 before the hostilities. In addition, the merchants had to pay $2.00 in transportation expenses. As salt is sold for upwards of $11.00 in the market, the merchants made about $2.00 profit per catty.

Peiping enjoxed no more financial tranquility than Shanghai. Currency troubles there threatened to bring all foreign business to a complete standstill.

Japanese Shops Refuse Currency

The new Federated Reserve Bank is refusing to sell foreign exchange, while even Japanese banks are refusing to exchange the notes of the new bank for Yen, although the Federated Bank, a Japanese-sponsored institution, began operating with a credit of 100,000,000 Yen from a group of Japanese banks. Most Foreign banks are under orders only to sell foreign exchange against cover, which is now remarkably small, and companies, such as oil companies, are only selling goods as cover for exchange becoming available. Even Japanese shops are refusing to accept the new currency for payment of retailed goods, while the "Provisional Government" has now resorted to advertising, declaring its notes good and urging the people to accept them. The Government is also using the police force, who are now visiting all houses to persuade the populace to accept the notes.

The Federated Reserve Bank will be in a position to commence the selling of foreign currencies if certain plans materialize, a responsible spokesman of the Provisional Government last week told the United Press. He also revealed that several important Chinese banks had already handed over their shares of the Federated Reserve Bank's capital.

IMITATE TITLE OF U.S. BANK

The above reproduction of the title of the new Japanese bank in Peiping, indicates that it is a close imitation of the title of the well known American Federal Reserve Banking System. It is not known whether the American authorities have called the attention of the Japanese to the matter.

Japanese Student Enrollment Large in Shanghai

Enrollment at the four primary schools operated by the Japanese Residents' Corporation had increased to 1,093 by March 16, Masusaburo Amano, president of the Corporation, reported at the budgetary sub-committee meeting during the 31st conference of the organization of March 25. At the North District Primary School 360 pupils were enrolled; at the East District Primary School, 28; the West District Primary School, 84, and at the Central District Primary School, 621. The total enrollment was 30 per cent of the number of pupils attending the schools before the start of hostilities, Mr. Amano stated. Enrollment before the hostilities was 3,045. Asked regarding the return of teachers and students to middle schools, Mr. Amano said that 80 per cent of the total number of girls enrolled at the Shanghai Girls' High School had returned, with a similar increase in the attendance at the Shanghai Young Men's Business School and the Shanghai Commercial School.

Five teachers have returned to the Shanghai Girls' High School and one to the Commercial School.

Szechuen Backing China's "Life-Line"

BY HIN WONG

SZECHUEN, a vast west China province to the rear of China's "life-line," is not only actively preparing to dispatch its remaining divisions to re-inforce those already on the front but also feverishly taking steps to do the next best—the strengthening of the rear by the development of man-power and an increase in production. At the same time, Szechuen is doing everything possible to maintain its normal life so as not to interfere with trade abroad, one of the means for prolonging Chinese resistance against Japan.

With the aid of the central authority through the national banks, especially the China Farmers' and the Central Farm Credit Bureau, Szechuen is to appropriate $10,000,000 to assist farms in 100 of its 150 districts in order to increase spring crop production. The Ministries of Economics and Communications will continue their soil survey, agricultural experiments, and water-route improvements to better the economic conditions in every way.

To insure and make possible rapid local communications and inter-provincial travel and transportation, more than 50,000 able-bodied men in Szechuen have been drafted to work on the Szechuen-Yunnan Highway from Lungchang onward which is planned to be finished before August 10. The highway to the province of Hupeh, especially the section from Wanhsien onward, also is to be finished as soon as possible. For the Szechuen-Yunnan Highway alone, the central government is contribute one million dollars.

Szechuen More Outlets Sought

In the meantime, both the local and the Central Government are clearing the existing trade routes and arranging for more outlets. Several of Szechuen and west China commodities have been able to go abroad by the Canton-Hankow Railway via Wuchang, and the Annam-Yunnanfu Railway has promised a tariff rebate of 20 per cent upon the certification of the French consulate at Chungking, should goods be carried by that line, while Yunnan and Kweichow local authorities are fast removing all artificial, legal and tax barriers along their boundary lines. Not being satisfied with the possibility of Hongkong and Haiphong as an outlet for west China goods, the authorities have been working for sometime for a way out through Sinkiang and Tibet and Szechuen roads to these regions.

Realizing that economic power is as vital as military strength in the present life and death struggle with Japan, both the Central and the local government in Szechuen are working towards not only greater but also better production. The Ministry of Economics of the National Government is to spend $40,000 in attempting to improve the silk crops, while stations for sericulture have already been established in a number of districts by the Provincial Government, working more or less in co-operation with the Szechuen Silk Corporation. For a time, Szechuen had an export of silk of more than $20,000,000 a year. It is reported that many American firms would have ordered silk from China, instead of Japan, if they had been able to find something equally good. Lately, some of the Szechuen silk has been exported to America and Europe through Hongkong. On the last arbor day in Szechuen, March 12, the authorities made the planting of tung trees for woodoil a special order.

While paying attention to foreign trade, the central and the local authorities are not neglecting the domestic commerce.

Obligations Are Met

Since the Sino-Japanese conflict, notwithstanding the pressing need of the national treasury, no financial obligation of either the local or the Central Government whenever due to Chungking or any other west China financial circle, such as reorganization and famine relief bond issues, has failed to have been met; and beginning January first, the National Government is setting aside $26,000,000 of the local receipts for 1938 to redeem all outstanding debentures, $4,000,000 to $5,000,000 monthly, in order to ease the financial market which, thus far, is quite stable, market interest rate not running more than four and our-half per cent.

To further encourage trade and the development of local industry by the removal of capital from the lower to the upper Yangtze ports, the Szechuen Government is paying the premium of all marine insurance covering machinery to be shipped from Ichang up to points in Szechuen where factories may be established. A provincial board of appraisers also will prevent possible obstruction by landlords over desirable factory sites through profiteering. In certain industries in the infant stage, from the local standpoint, of course, the local government will participate in order to enable them to get under way; and a number of weak concerns handling important and desirable enterprises, have been advised to merge so as to maintain stronger establishments. The Szechuen Development and Finance Corporation, with $4,200,000 or its $5,000,000 capital all paid up, is to be enlarged to a ten-million-dollar concern, so that, in addition to cotton and timber, it may go into other lines helpful to the present wartime requirements of the nation.

Co-operating with the central authorities, the Szechuen Government has formulated its policy to care for thousands of war refugees coming into west China.

In providing for the temporarily unfortunates (in Chungking there are now white-Russians as well as Koreans) the provincial authorities in Chengtu have specially stressed the necessity of paying attention to the sanitary condition of their lodging quarters in order to prevent disease. Premises of charitable institutions not confirming to health regulations should be remedied at once, the authorities also advise. All refugees coming into public care are to be carefully examined so that they may become supporting. While every effort will be made to scatter the refugees into gainful positions in districts most accessible and convenient in transportation, they will be, as far as possible, sent to places remote from danger. For the benefit of the youths from Japanese-occupied zone, they will be given a short vocational training before being assigned elsewhere to look out for themselves.

In the meantime, the public is watching with no little interest the project now being put into experiment at Kunming, the provincial capital of Yunnan, whereby thousand a men would be formed into an agricultural battalion to be stationed at a state farm on which all food-stuff may be raised for their own consumption and troop provision. It is thought that $27,000 for the board and $10,000 for the implements will be sufficient for the battalion from the period of encampment to the time of harvest. As an experiment, a semi-official committee will be put in charge and requested to raise the capital from private and government contributions.

Anglo-Italian Pact Imminent

While most of the comments of the French press on the Anglo-Italian parleys are obviously mere speculations bred of hopes or anxieties, the London correspondent of the "Excelsior" claims this week to have learned from authoritative quarters that the signature of an agreement, which is characterized as an "extension of the Anglo-Italian gentlemen's agreement," is imminent.

Lord Perth, the British Ambassador in Rome, and the Italian Foreign Minister, Count Ciano, so the correspondent asserts, have come to an agreement regarding the various Mediterranean problems which concern both countries. According to the correspondent, Mr. Rendell, a representative of the British Foreign Office, will proceed to Rome shortly in order to take part in the final phase of the negotiations.

Japanese Potter to Make Vases of Blood-Stained Clay

Chihiro Ogura, well known Japanese potter of Akashi, returned to his home on March 16 after an absence of several weeks. He brought back with him 17 pounds of clay which he had collected on thirteen Chinese battlefields, including Nanyuan, Kalgan, Tatung, Taiyuan, Paoting, Shihchiachwang, Tsinan, Tungchow and other places. He claimed that the clay he had collected was actually stained with the blood of Japanese soldiers who had been killed by Chinese bullets.

Mr. Ogura announced that he was going to make two vases from the blood-stained clay, which he intended to present to the Yasukuni Shrine which is dedicated to soldiers killed in foreign wars. The vases will be decorated with Chinese battle scenes and will stand about two feet high. He hopes to have the vases ready by July.

Puppet Governments Start Anti-British Boycotts

A report in the Chinese papers in Shanghai this week claimed that several shipments of British merchandise, consigned to various points along the Yangtsze, had been confiscated by so-called boycott committees which allegedly are under the control of puppet administrations dominated by the Japanese Army. It also was reported that Chekiang Province has recently created a cigarette monopoly and has refused to permit shipments of foreign cigarettes from Shanghai to be sold in the province.

Japanese Remove Woman's Hat

"Hat-tipping" *a la* Japanese received a new twist last week when Mrs. Victoria Griffith, Portuguese wife of an American citizen reported to the American Consulate here that she had been subjected to the embarrassment of having her hat forcibly removed from her head by a Japanese sentry while waiting at the Hannen Road School to obtain permission to remove her belongings from Hongkew.

While waiting in line with other applicants, Mrs. Griffith said she was suddenly pushed in the back and upon turning around to investigate, a sentry grabbed her hat from her head and handed it to her. She stated that she was then given to understand that while in the presence of a Japanese official, she must keep her hat removed.

It was recently announced by Japanese military authorities that the bowing and hat-removing rule applies only to Chinese and that foreigners were exempt from showing this mark of respect to Japanese military and naval men.

Chinese Armies Claim Successes on All Fronts; Big Offensive Under Way

CHINESE armies this week claimed successes on all fronts, with the most important victory being made in a mighty counter-llffensive in the Tsingpu sector. With news of these startling triumphs at Lincheng and the turn of events on the Tientsin-Pukow Railway front, Hankow, a gloomy city for many months, showed signs of extreme elation. Newspapers issued "extras" to be immediately grabbed up by a news-hungry public. General Chiang Kai-shek's return on March 28 from a visit to all fronts was a signal for a general applauding of the army leader's carefully mapped out plans for the Chinese general offensive. He is said to have given the order for the sweeping counter-offensive after hearing reports of field commanders.

To these reports of victories by Chinese, Japanese Army spokesmen gave vigorous denial. They said that Japanese troops had not evacuated any important towns in Shansi or Honan. The Chinese, however, they admitted, may have entered villages evacuated by the Japanese for strategical or other reasons. Menghsien, which guards a historically famous ford across the Yellow River, is in Japanese hands, contrary to Chinese claims, Japanese sources said.

Chiang's headquarters in Hankow received a telephone call March 28 from the Commander-in-Chief of the Chinese forces on the Tsinpu Railway front declaring: "The Japanese forces on the Tientsin-Pukow Railway have been completely routed and the Chinese forces are at present advancing on all fronts." General Tang Eng-po, Commander of the 4th Army Corps, telephoned in the morning from his field headquarters at Taierchwang, on the north bank of the Grand Canal, stating that a Chinese flying column reoccupied Lincheng late March 27.

The railway line, north of Lincheng, was also cut off by Chinese units and, following the occupation of Lincheng by Chinese troops, the Japanese forces between Licheng and Hanchwang (reoccupied by the Chinese March 27) were forced to retreat eastward in order to escape being entirely surrounded, *Reuters* reports. Further east, it is claimed that the Japanese forces which have been attacking Lingyi for the past ten days, started a general retreat March 27 in the direction of Chuhsien as a result of the latest developments on the Tsinpu Railway. To the west the same tale of victories reaches here, with the Chinese now outside the city walls of Tsining. Tsining is reported to have been recaptured after a severe artillery duel lasting two hours.

The heaviest fighting in these operations is stated to have occurred in the Chinese-captured Lincheng, the opposing forces resorting to no less than twelve bayonet charges in 24 hours.

Several thousand Chinese troops have managed to re-cross the Yellow River, in north Honan, unobserved, and are causing the Japanese some trouble. According to a still unconfirmed report, the Chinese have recaptured the town of Fengkiu, 30 kilometres north of Kaifeng on the northern bank of the Yellow River. At the same time, the small Japanese column that crossed the Yellow River on March 26 at Linpoo, 50 kilometres east of Tungkwan, has been liquidated completely. Very little news is being received from the Shansi front. It is, however, stated that the Chinese have recaptured a number of towns and villages in northern Shansi, *Transocean* reports.

Following a three-day battle Chinese troops entrenched in the vicinity of Kuolichi, east of Tsaochwang, on the Lincheng-Taierhchwang Railway in southern Shantung, are being dislodged by strong attacks by Japanese troops, it was announced in Peiping March 28 by Japanese military authorities. The Chinese, several divisions strong, have been subjected to heavy attacks since March 25. The Capture of Tunghwakow, east of Yihsien, by a Japanese unit was announced. An encircling attack on Chinese troops between Linyi and Hsiangcheng was expected to get under way in full force shortly, as a result of the defeat of Chinese units operating east of Yihsien. Capture by the Japanese forces of the north-eastern corner of Taierhchwang was claimed in a *Domei* report.

Chinese defenders there were believed to be part of the reorganized army of Gen. Sun Lien-chung. The town is situated at a vantage point on a highway connecting Hsiangcheng and Hsuchow. Its capture by the Japanese threatens to trap seven or eight divisions of Chinese troops under Gen. Pang Ping-hsun and Gen. Chang Tzu-chung, including some Szechuen units, it was claimed in a dispatch from Yenchow.

Japanese military authorities in Shantung on March 26 requested American officials to take steps to persuade Chinese soldiers to evacuate areas adjacent to American mission buildings southeast of Ichow (Lini). Attacks on Japanese soldiers by Chinese soldiers who have made use of the mission buildings have aroused indignation among Japanese military men, *Domei* reports. If Chinese forces fail to withdraw, they said, troops and planes wil be forced to bombard them. It will reported at the time that there were a number of missionaries, including several women, residing in the mission buildings. Later reports have given assurance of theiry safety.

Chinese newspapers in Hankow on March 26 featured what they claimed to be "the most important Chinese victory south of the Yangtze river in the past three months." The victory is alleged to have been gained on March 24 in the hills in the vicinity of Tipu, northeast of Hsiaofeng, near Mokanshan. According to Chinese reports, Japanese forces belonging to the 18th division from Wushien, on the south bank of the Taihu Lake, after occupying Anchi, advanced south-westward to attack Hsiaofeng with the intention of forming a junction with the Japanese troops at Sunkiapu, south of Hsuanchen, and then advancing along the Wuhu-Tunhsi highway to attack the important city of Ningkwo. The Japanese 18th Division, the reports state, was checked at Tipu in its attempt to advance on Hsiaofeng.

Simultaneously, the Chinese forces at Wukang, south-east of Mokanshan, are said to have moved westward to encircle this division After a bloody encounter near Tipu, the Chinese claim, the main body of the Japanese troops retreated in the direction of Anchi and Szean, but about 1,000 Japanese troops were surrounded in the hills in the vicinity of Tipu and wiped out. The Chinese forces are stated to have captured 600 rifles and 40 machine guns.

Japanese planes again raided Hankow and Wuchang on March 27. Over fifty Japanese planes—some sources report eighty—bombed the Hankow aerodrome and the Wuchang aerodrome. The Japanese machines also visited the Canton-Hankow Railway Sttion at Hsuchiapeng, near Wuchang, in several groups. The air-raid alarm was sounded when Japanese planes were sighted en route to Hankow from Anhwei Province. Chinese planes on the field at the Hankow aerodrome immediately took off. Twenty minutes later, Japanese bombers, escorted by pursuit planes simultaneously bombed the Hankow aerodrome, the Wuchang aerodrome and the railway station at Hsuchipeng. Heavy anti-aircraft fire greeted the invaders, but no hits were made. No damage was done to the Hankow and Wuchang aerodromes but a big fire was started at the Hsuchiapneg Railway station, flames rising from the station buildings and coolies' dwellings nearby.

While Japanese reports claimed that more than 1,000 Chinese soldiers have been slain in a series of attacks by Japanese forces west of Lake Tai, Shanghai witnesses to caravans of Japanese trucks winding their way into Shanghai before dawn on one morning of this week, are of the opinion that the tide of battle in this region is of a different nature. Stacked in the trucks were some 500 slain Japanese soldiers. Countless reports of guerrilla fighting by the Chinese in this area have been received. That the Japanese are showing no little concern over the fate of their forces in the sector stretching from Hangchow to Wuhu, to the Nanking area were borne out more than a week ago when they admitted the dispatch of 20,000 troops to this region for "mopping up" purposes.

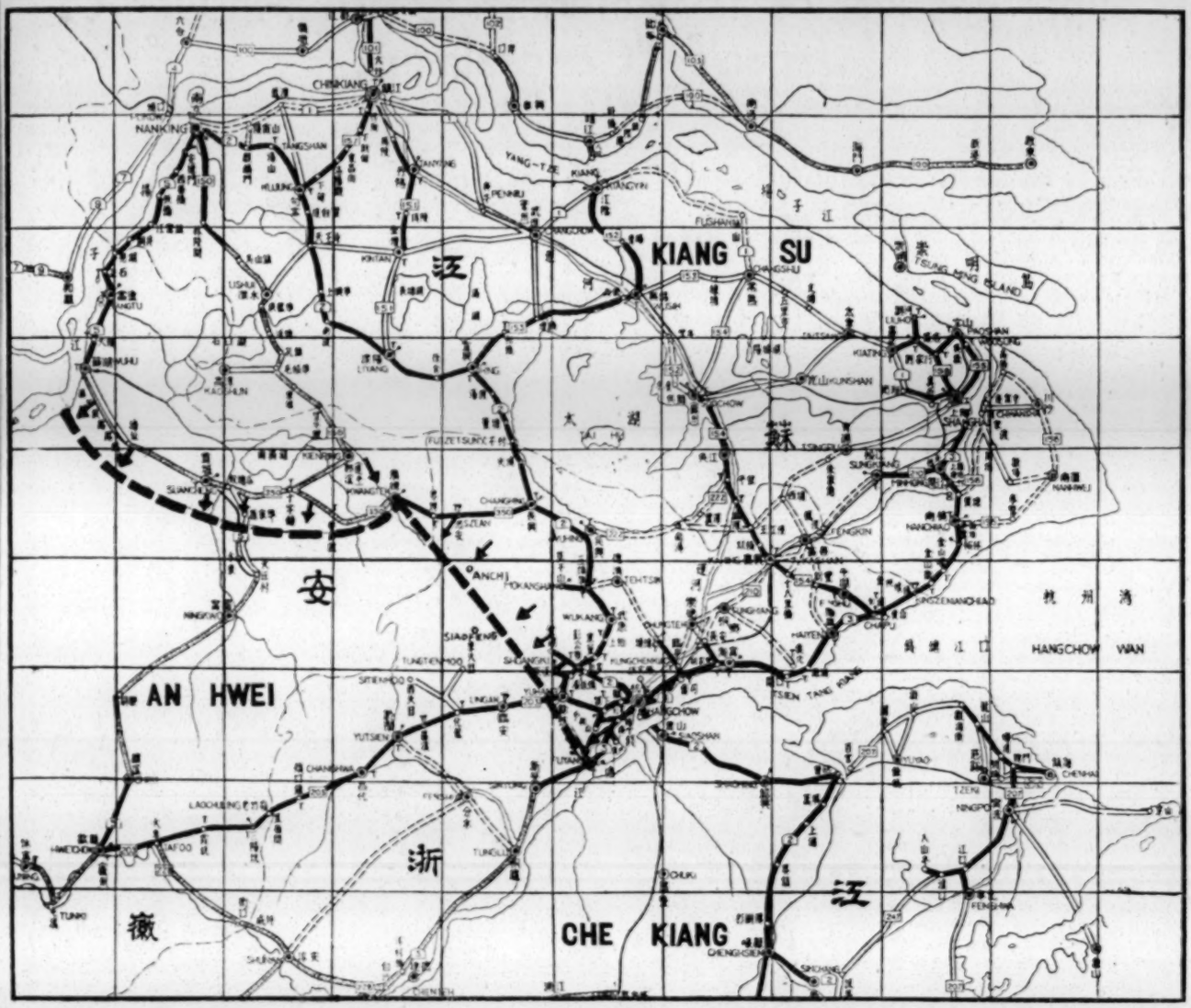
Two Railway bridges, Nos. 155 and 156, on the Shanghai-Hangchow Railway near Linping, north-eastern Chekiang, were destroyed on March 23 by Chinese guerillas. The Shanghai-Hangchow Highway was also cut at Fenghsien, south-eastern Kiangsu, by the guerillas. Land communications between Shanghai and Hangchow have consequently been totally severed, *Kuo Min* reported. With Wukang, 28 miles north-west of Hangchow, as their base, a force of more than 1,000 Japanese soldiers launched

"JAPAN IS THINKING OF DECLARING WAR!"

"PERHAPS WE'D BETTER DECLARE WAR AGAINST CHINA. THAT WOULD LEGALIZE ALL THIS SLAUGHTER, WHICH AT PRESENT HAS NO LEGAL SANCTION
ALSO IT WOULD AUTHORIZE US TO BLOCKADE CHINA - AND STOP AND SEARCH ALL FOREIGN SHIPS WHICH MIGHT TRY TO RUN THE BLOCKADE"

McCutcheon in the Chicago Tribune

WHERE JAPANESE SUFFERED HEAVY LOSSES LAST WEEK



Map of the Hangchow-Wuhu front where serious fighting has never ceased and where the Japanese allegedly lost between 400 and 600 men last week, according to neutral tabulations of bodies of Japanese soldiers brought here in trucks for cremation purposes.

Note that the Japanese line between Hangchow and Wuhu parallels the motor road connecting these two important cities. The city of Kwangteh was captured by the Chinese forces, according to reports in the Chinese papers.

an attack on the Chinese positions at Paitowchen, 7 miles west of Wukang, March 24. They were repulsed says *Kuo Min* by the Chinese at Tungshentsun, one mile west of Paitowchen. Advancing northwards from Hwanghuchen, another column of 3,000 Japanese attempted to make a flank attack on the Chinese at Tungshentsun from Kucheng, north-west of Hwanghuchen. They encountered stiff resistance from the Chinese. Heavy casualties were sustained on both sides.

In Southern China, little activity was reported. However, on March 24, for the third successive day, Po-On, strategic district at the mouth of the Pearl River, was shelled by two Japanese gunboats. More than 10 rounds were fired. Six Japanese planes were shot down in an air battle over Kweiteh yesterday, Chinese reports said in Hongkong, March 26. Japanese reports of the aerial encounter claimed 20 Chinese planes had been shot down and ten others destroyed on the ground by Japanese bombs. Japanese reports termed the fight as one of the largest of the entire war.

The Chinese press hailed the victories on all fronts.

"The bitter resistance put up by Chinese troops during the past three months definitely brought China closer to the path to her final victory and upset all the plans of a most hopeful aggressor to carry on a protracted campaign of chastising China," declares the *Wen Hui Pao*, in a leading article March 27.

"Since the failure of thise first assault on Hsuchow, the important junction of the Tientsin-Pukow and Lung-Hai Railways, the journal says the invading Japanese forces have been encountering increasing difficulties. Their persostent efforts to completely occupy the Tientsin-Pukow Line during the past three months have proved to be futile, while their southward thrust on the Peiping-Hankow Railway has been effectively thwarted at the Yellow River. In invading southern Shansi, the Japanese have almost been completely surrounded by Chinese defenders and their present second attack on Hsuchow has again met with tragic failure. These events suffice to show that the Japanese hope of invading China's vast interior has already vanished into this bubbles."

Million Children Orphaned by War; Only 20,000 Helped

Madame Chiang Kai-shek announced at the inaugural meeting of the Child Welfare Committee at Hankow on March 10 that there are more than a million children scattered about China whose parents have been killed or have disappeared as a result of the war. She said that the Committee at present would only be able to care for 20,000, of which number Madame Chiang and members of her family had agreed to support approximately 1,000 personally. She said that $6 a month (equivalent to about $2. U. S. Cy.) was sufficient to support and educate each child.

Shao Li-tzu, official of the Kuomintang Committee, and other speakers, declared they had evidence that the Japanese were carrying away hundreds of Chinese children, "whom the Japanese military officers intend to bring up as slaves." Mr. Shao also said that if the Japanese succeed in their present program, the day would come "when all Chinese would be compelled by the Japanese to fight the rest of the world..... China must preserve her younger generations from Japanese slavery."

Super-Battleships Is American-British Answer to Japan's "Concealment"

THIS week's news gave strength to the certainty that the United States and Great Britain will not idle in their naval construction programs in the face of Japan's refusal to furnish details of her naval building plans. It became common belief that the two countries will invoke the Escalator Clause of the London Naval Treaty.

At the same time, reports said that America and Britain had definitely decided to build battleships of 42,000 tons with 16-inch guns instead of 35,000-ton crafts with 14-inch guns since all attempts to come to an understanding with Japan had failed. Two new battleships for whose construction the British naval estimates for the coming year provide, already have a tonnage of 42,000 tons. The construction of these heavier vessels are presenting no problem to the shipping yards which are thoroughly capable of coping with the task, experts say.

Causing concern in Tokyo is the Vinson Navy Expansion Bill providing for a 20 per cent increase in the United States Navy's building program. The bill was passed by the House of Representatives in Washington March 21. Carrying out by America of the provisions of the bill would indicate big-scale operations are to be made for a possible war on the Pacific, Washington authorities commented. The measure calls for the construction of three battleships, two aircraft carriers, eight cruisers, 25 destroyers, nine submarines and 1,000 naval airplanes.

Meanwhile, the Department of State at Washington is reported to be preparing a note for Great Britain and France which will constitute a formal announcement of the intentions of the United States to abandon the 35,000-ton limit for battleships. Simultaneously, Anglo-American conversation son the subject are said to be continuing, with the hope that a new limit will be established for superbattleships.

The London Naval Treaty requires a period of three months to elapse after the Escalator Clause has been invoked before new tonnage can be laid down, and the actual size of new British and American battleships will probably not be settled until the conversations are ended.

This apparent obstinate attitude of Nippon in refusing to reveal its naval plans, has set other powers, besides the U. S. and Britain, to studying their future naval programs. France, however, is at present not anxious to embark on heavier battleship tonnage, but her final attitude is likely to depend on that of Germany and Russia. The Soviet's attitude may be viewed as highly-important. Should Moscow decide to increase the size of her warcraft for use in Far Eastern waters, Germany might feel bound to build bigger vessels, thereby involving an increase in the French tonnage, observers agree.

While Congress in the United States ponders that navy bill, the U. S. Army is asking expansion. The army estimates for the next financial year, which are nearly as large as in 1920-21, when an American army of occupation was still in Germany, also has been handed Congress. The bill asks for U.S.$447,000,000, which is U.S.$32,000,000 more than the sum available in the current year. It is stated that approximately U.S.$7,000,000 of the money is earmarked for additions to anti-aircraft material.

The army expects to attain a military force of 675,000 during the next fiscal year. Army leaders hope to have, within a few years, a regular army of 15,000 officers, 180,000 men, a national guard of 210,000 men and an organized reserve force of 120,000 officers and 150,000 men.

Meanwhile, the army is taking added precautions to guard one of America's most "vulnerable spots." The defense of the Panama Canal will be entrusted to bombing planes of the type popularly described as "flying fortresses." In dealing with the defense of the canal and Hawaii, the defense program provides for the installation of powerful squadrons of planes and anti-aircraft batteries.

Threat to Japan

Japan cannot overlook the fact that Japan is a potential object of America's overseas operations which will result from naval expansion as provided in the Vinson bill, a spokesman for the Japanese Navy Office declared last week.

Such a big fleet as is contemplated in the bill would be unnecessary, the spokesman said, unless the United States planned overseas operations. Japan's naval policy is "definite and final" as already enunciated in her reply to England, America and France after their requests for information on this country's naval programme, he declared. Japan is ready to participate, the officer asserted, in a naval conference which attached primary importance to the question of quantitative limitation.

He declared that Japan would be compelled to change her naval plans in case other naval Powers carried out large building programmes and "thereby menaced Japan's security." The Japanese Navy has no intention, he emphasized, to start a naval race, but must ensure security and national defence on the principle of non-menace and non-aggression. He denied foreign press reports that Japan is building heavier and faster cruisers, though refusing to reply to a question as to whether Japan was building or planning to build cruisers larger than 10,000 tons.

U. S. Must Respect Japan

The Shiunso, an unofficial organization headed by Mr. Tetsuma Hashimoto, recently placed large advertisement in the Nichi Nichi and other leading newspapers captioned: "A question to the American People." It says in part:

"If we are to be permitted to speak out frankly, we will say that if the United States Government has expressed no falsehood in its repeated statements and if it really hoped for the re-establishment of peace in the Orient, its desire for the peace in the Orient will be instantly realized when it acknowledges the following one point instead of adopting complicated measures of oppressing Japan as above mentioned:

"The United States is to respect the position of Japan, the greatest Power in the Orient; to declare not to make absolutely any political activity and economic operations having political significance without the understanding of Japan; to guide other Powers to take the same attitude.

"How this point is effective in bringing peace to the Orient must be comprehensive to those who belive in the efficiency of the Monroe Doctrine of the United States in maintaining peace in the American Continents. Yes, if the United States and other Powers acknowledge this point, it will be not only easy for the Orient to regain peace, but also for Japan to save China from being bolshevized and from the maladministration by warlords, and to make it possible for other Powers to make economic activities in China without any uneasiness."

Canada, however, is spending less money for this year's defense program. Estimates are $34,000,000 as compared with $36,000,000 (Canadian dollars) last year. In explaining the reduction in the House of Commons, W. L. Mackenzie King, prime minister, said that it was due to the fact that few airplanes had been budgeted. In the next fiscal year, he said, Canada would require 75 new planes and two new destroyers, while a fishermen's naval reserve would be organized on the Pacific Coast.

Proof of the unanimity reigning in France on the matters of national defense was given last week when the Chamber of Deputies by a vote of 592 to 0, passed the bill providing for "organization of the nation in time of war."

GREAT RACE IS ON!

Fitzpatrick in St. Louis Post-Dispatch

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

Feb. 28.—Linfeng, provisional capital of Shansi, captured by Japanese troops at 4 p.m. Feb. 27, according to **Domei** report.
Report from Hankow stated Linfeng seriously threatened by Japanese rapid advance along the Tungpu railway. After smashing through Chinese lines at Lingshih, gateway to south Shansi, the Japanese occupied Hwohsien, 44 miles from Linfeng.

Feb. 28.—Japanese troops in southwestern Shantung occupied Chiahsiang, 15 miles west of Tsining, but their attempted advance beyond Chiahsiang was checked.

Feb. 28.—Japanese troops massed on north bank of Yellow River in Honan, particularly those at Menghsien, northeast of Loyang, were heavily bombed by Chinese air planes. Japanese troop concentrations at Wuhu, on the Yangtsze, also bombed.

Feb. 28.—Japanese threatened (Feb. 27) to bomb Chengchow on Lunghai Railway again. Foreigners warned to evacuate the city before March 1.
Airdrome at Ichang, upper Yangtse port, damaged by Japanese air raid. Hsiangyang, northwest of Hankow, also bombed.
Chinese air force in South China improved and strengthened; many English and American pilots are assisting.

Feb. 28.—Shinrokuro Hidaka, first Secretary of Japanese Embassy in China, appointed Japanese Consul-General in Shanghai, replacing Suemasa Okamoto.

Feb. 28.—General Chiang Kai-shek, in interview with the correspondent of London **News Chronicle** outlined China's strength, saying "we have unlimited manpower to defend our soil." "I can not conceive of British recognition of 'Manchukuo', whatever else happens elsewhere," declared General Chiang.

Feb. 28.—T. V. Soong not likely to become Finance Minister, according to Hankow report; Soong remaining in Hankow.

Feb. 28.—Gen. S. Hata, new Japanese Commander-in-Chief in Shanghai, made official call on Admiral H. E. Yarnell, Commander-in-Chief of United States Asiatic Fleet.

Feb. 28.—German Consul-General lodged strong protest with Japanese consular authorities over assault on Dr. Edward Birt by Japanese soldier in Hungjao district. Protest demanded punishment of the soldier involved and indemnification. Japanese authorities express regrets for incident.

***

March 1.—**Reuter** report from Peiping stated Japanese troops captured Lingshih; two Japanese columns heading toward southern border of Shansi.
Japanese claim of occupation of Linfeng, provisional capital of Shansi, unconfirmed in Chinese circles in Hankow, but admitted that its fall is likely owing to heavy Japanese pressure.
Japanese push in southwest Shantung seen as serious threat to Hsuchow, strategic city at junction of Lung-Hai and Tientsin Pukow Railways.

March 1.—Foreign Powers will continue to hold Japan responsible for any loss of life or property at Chengchow or elsewhere in China resulting from Japanese bombings, revealed in inquiries made by **Reuter** correspondent at various Embassies in Hankow in connection with recent Japanese warning to all foreigners to evacuate Chengchow immediatly.

March 1.—Gen. Teng Hsi-hou, Szechuan military leader, reported appointed Pacification Commissioner of Szechwan and Hsikang in succession to late Gen. Liu Hsiang. With Gen. Teng's appointment the political crisis in the province precipitated by refusal of Szechuan military leaders to accept Gen. Chang Chun as governor of Szechuan now regarded as settled.

March 1.—Japanese soldier opposite British sector of western district of Shanghai shot and killed a Chinese who failed to halt as the Chinese was entering the Settlement; Acute tension prevailed in district for a while, when the British troops closed the Great Western Road railway gate following the incident.

March 1.—British Imperial Airways' plane, which was fired on by Japanese warships while travelling to Hongkong from Penang last week, was also pursued between Bangkok and Hongkong by Japanese aircraft, according to belated reports from London. Tokyo apologizes for incident, saying the machine was mistaken for Chinese plane.
Japanese Embassy spokesman in Shanghai denied knowledge of the incident.

March 1.—Peiping "Provisional Government" to reorganize government schools in north; Tang Er-ho, Education Minister, to be concurrently Chancellor of Peking National University.
Yu Chin-ho, Peiping's new Mayor, declared revenue of Peiping Municipality was barely sufficient to meet expenditure.

***

March 2.—Japanese forces operating from southern Shansi are rapidly advancing towards Tungkwan, strategic pass on the border of Shansi, Honan and Shensi.
Japanese troops pushing westward along north bank of Yellow River, captured Yuanku, and are attacking Yunchen, on Tungpu Railway, northeast of Tungkwan. Troops of 29th Army under Gen. Sung Cheh-yuan are making a stand east of Yuncheng.
Heavy fighting still proceeding in vicinity of Linfeng, provisional capital of Shansi.
Japanese columns in Shansi striking in various directions in attempt to annihilate as many of the Chinese units as possible, according to **Reuter** report from Peiping.

March 2.—Chinese military authorities rushing large amounts of military supplies to Hsuchow for decisive battle with the Japanese there; 40 Chinese planes also concentrated at Hsuchow; Gen. Chiang Kai-shek ordered various commanders in Shantung to recover Tsinan, Shantung capital.

March 2.—Peiping "Federated Reserve Bank" failed to open on March I, as previously announced, "Provisional Government" officials refuse to give reasons for delayed opening.

March 2.—T. V. Soong appointed Chairman of the Chinese Aeronautical Affairs Commission, succeeding his sister, Madame Chiang Kai-shek. Soong assumed his duties March 1.

March 2.—According to reports received in Shanghai, the American Red Cross Campaign to raise funds for war relief in China has been almost a failure. Instead of the U.S. $1,000,000 which President Roosevelt appealed for, only U.S. $70,000 has been raised aside from U.S. $165,000 contributed before the launching of the drive.

March 2.—In order to avoid causing damage to foreign property, Chinese authorities at Hankow decided to evacuate all military establishments located in proximity to such property in Chengchow, Kaifeng and other centers in Honan. Chinese action followed Japanese warning to foreigners to evacuate Chengchow and Kaifeng.

March 2.—Japanese Embassy spokesman in Shanghai again denied that Japanese military authorities had apologized for alleged shooting at a British Imperial Airways' plane last week.

March 2.—After more than a third of a century in Tientsin, the 15th United States Infantry Regiment was withdrawn and returned to the United States.

March 2.—Sun Fo, President of National Legislative Yuan, departed for France, after prolonged stay in Moscow; stated would travel by way of Czechoslovakia, and not Germany—reason attributed to Germany's recent recognition of "Manchukuo."

March 2.—Thirteen out of 88 schools situated north of Soochow Creek were destroyed and 9 others damaged during hostilities in Shanghai in 1937, according to S.M.C. Public Health Department Report.

March 2.—Shao Li-tsu, Kuomintang Publicity Director, declared that China would maintain and strengthen her friendship with Germans despite Hitler's recognition of "Manchunkuo."

***

March 3.—Reshuffle of Chinese command on various fronts made to strengthen resistence to **Japanese** advance. Gen. Hu Tsung-nan, Commander of 1st Army Corps, to guard Hanchung front on Honan-Shensi border with 16 Divisions; Gen. Li Tsung-jen, Kwangsi Commander, to continue command on Tientsin-Pukow Railway front; Gen. Li Ping-hsien, also Kwangsi, to defend Central Anhwei with 4 Kwangsi divisions; Gen. Tang En-po, defender of Nankow Pass and Commander of 14th Army Corps, to direct operations on Peiping-Hankow Railway front; Gen. Wei Li-huang to direct operation in Shansi under Gen. Yen Hsi-shan; and main body of the 8th Route Army to engage in guerilla warfare in Hopei, between **Paoting and Shihchiachwang.**

March 3.—Newly-organized Chinese mechanized units now operating in vicinity along Tungpu Railway in

Southern Shansi.

March 3.—"Manchukuo" units forming part of a mixed force of Japanese, Mongol and "Manchukuo" troops muntied near Paotow, Suiyuan, and joined forces of Chinese, according to Hankow report.

March 3.—Attempted coup at end of February by the Mongol Prince Ta Wang, of Alachan Banner, in northwest of Ninghsia Province, to join the Japanese, suppressed by Gen. Ma Hung-kwei, Mohammedan Chairman of Ninghsia. Prince Ta Wang allegedly arrested and brought to Ninghsia City unconfirmed.

March 3.—Desultory fighting continued between Chinese and Japanese troops across Chientang River in Hangchow. Chinese guerilla bands also active in various cities along Shanghai-Hangchow Railway.

March 3.—Gen. Chiang Kai-shek authorized complete reorganization of Chinese air force under T. V. Soong, recently appointed chairman of the Chinese Aeronautical Affairs Commission at Hankow.

March 3.—Tseng Kuo-tung and Ou Hsin, bomb throwers, who were arrested while throwing a hand-grenade at the **Shanghai Evening Post & Mercury** Feb. 11, confessed at the 2nd District Court in Shanghai that they were paid $5.00 for the act; refused to disclose principals.

⁂

March 4.—Chinese forces at Chengchow, Honan, officially stated to have crossed Yellow River and launched counter-offensive on Peiping-Hankow Railway. Hsinhsiang and Weihwei, both important towns on the railway, reported recaptured.

March 4.—Large body of Japanese troops being transferred from Honan to Shansi. Severe fighting in vicinity of Linfeng, Chaochen and Hungtung, in southern Shansi. Despite Japanese claim, Linfeng still remained in Chinese hands, according to **Kuo Min** report.

March 4.—Seven Chinese, including a woman, were wounded in Shanghai by two bombs, one thrown at the printing plant of the **Ta Mei Wan Pao** on Kiukiang Road, International Settlement and the other at a Chinese school on Route Voyron, French concusion; bomb thrower at French concession school captured on the scene.

March 4.—Report that Madame Chiang Kai-shek resigned chairmanship of Chinese Aeronautical Affairs Commission because of opposition of Soviet pilots denied in Hankow; explained that she had resigned because she was overburdened with other duties and had transferred the office to her brother, T. V. Soong.

March 4.—Censorship of mail at Shanghai by Japanese announced to begin immediately according to information from Japanese military spokesman; rooms in Post office formerly used by Chinese censors reported taken over by Japanese censors who recently arrived at Shanghai from Japan.

⁂

March 5.—Chinese and Japanese troops now facing each other across Yellow River above Loyang and Kunghsien, Honan; Japanese continue shelling Chinese positions on the south bank, but have made no attempt to cross river in that area. In Shansi, fighting still progressing at Houma on Tungpu Railway with Chinese offering stubborn resistance.

Gen. Chiang Kai-shek said taking personal command of Chinese troops defending Shansi and Honan, according to **Domei report.**

March 5.—Clarence E. Gauss, American Consul-General at Shanghai, lodged protest with Japanese consular authorities over slapping of Miss Grace W. Brady, teacher at St. Mary's Hall, by Japanese sentry on Brenan Road, on March 2.

March 5.—Japanese planes bombed Wuchow airdrome and reportedly caused considerable damage. Wuchow important port of Kwangsi province.

March 5.—China bought U.S.$1,918,613 worth of arms (chiefly airplanes) during February, while Japan, purchased $1,134,950, according to **Havas** report from Washington.

March 5.—Japanese begin censorship of mails at Shanghai but deny foreign mails are being inspected.

March 5.—Ma Liang, aged ex-Chinese warlord, installed as Governer of Shantung by Japanese.

⁂

March 6.—Five out of 18 Japanese planes raiding Chengchow, important junction point of Peiping-Hankow and Lunghai Railways, reported hit and damaged by Chinese anti-aircraft shells and caused to make forced landings on northern bank of Yellow River. Besides Chengchow, a railway station seven miles south of the city and Yuhsien, 50 miles southwest were also bombed.

March 6.—To check Japanese threat to the Northwest Provinces of Ninghsia and Kansu, through which China's overland communications with Russia have been maintained, Chinese High Command has ordered Chinese troops at Wuyuan, western Suiyuan, to attack Japanese troops there; Clash between rival forces reported already occurred, but result unknown.

Chinese Government appointed Gen. Ma Pu-fang, youthful Mohammedan Commander in Chinghai (Kokonor), as Chairman of Chinghai Provincial Government; China strengthening Chinghai defence.

March 6.—Despite Japanese occupation of principal cities on Tungpu Railway, Southern Shansi, Chinese forces continue attacks from west and east of Railway.

March 6.—Masayuki Tanki, former Japanese Minister Vienna and newly appointed Minister-at large with headquarters at Shanghai, has assumed office.

March 6.—Japanese military spokesman denied sentry had slapped Miss Grace W. Brady, American teacher, on Brenan Road; he had only "touched the collar" of her coat in order to stop her.

March 6.—Japanese plan to station consular police in various cities in North China, according to **Reuter** report from Peiping.

⁂

March 7.—Fighting continued between Chinese and Japanese troops on scattered fronts in southern Shansi; chief center being Pinglu, on northern bank of Yellow River, opposite Shensien on Lunghai Railway, between Loyang and Tungkwan. Japanese forces in Shansi attempting to cross Yellow River at five points. To check Japanese advance, Chinese troops have destroyed bridges and rail tracks on Tungpu Railway; main body of Japanese troops along railway heading for Fenglingtu, on northern bank of Yellow River, directly opposite Tungkwan.

March 7.—Chou Feng-chi, ex-Chekiang Chairman and army commander, assassinated in Shanghai. Chou allegedly was actively working with Japanese and rumored was slated as "War Minister" in Japanese sponsored puppet "Central China Government" at Nanking; Chou's assassination caused sensation in Hankow political circles.

March 7.—Szechwan army leaders pledge loyalty to Central Government, expressing satisfaction over appointment of Gen. Teng Hsi-hou as Pacification Commissioner of Szechwan and Hsikang. Gen. Sun Yuan-liang, Commander of 88th Division and famed defender of Chapei on Shanghai front, appointed Deputy Pacification Commissioner.

March. 7.—Hollington T. K. Tong, well-known newspaper man and former Managing-Director of **The China Press**, appointed deputy director of Central Publicity Department at Hankow, succeeding Fang Chi.

March 7.—Reports from London stated certain Chinese interests were seeking loans from London banks to refund China's foreign debts.

March 7.—Hankow officials pessimistic over recent developments abroad, such as Germany's recognition of "Manchukuo," and resignation of Anthony Eden as Foreign Secretary of British Government but Hankow spokeaman said there would be no weakening in the program of continued resistance to Japan. Lack of positive assistance from the Powers, however might lead China to seek an alliance with the USSR.

⁂

March 8.—Detachment of Japanese troops succeeded in crossing Yellow River in northeastern Shansi and occupied Fuku, in Shensi, on March 2, but Chinese forces recaptured Fuku in counter-attack, on March 5, according to report received at Hankow, claimed Japanese detachment forced to return to Shansi side of River, where they Continue shelling Fuku.

Another Japanese detachment, having reached the nothern bank of Yellow River opposite Tungkwan, shelled Tungkwan railway station, on Lunghai Railway. Prior to withdrawal of Chinese railway workers from Tungkwan March 2, 80 locomotives and 500 coaches were destroyed.

March 8.—Chinese troops in southern Shansi dispersed by Japanese troops, determined not to retreat south of Yellow River, according to reports from the front.

Foreign traveler recently arrived at Hankow from Shansi stated: "The fact that a large area of Shansi and Hopei is cut off from the rest of China by the Japanese does not mean that the area is lost." Except a few towns, he found that the entire area between the four railways, comprising North China, namely Peiping-Hankow, Peiping-Suiyuan, Chengting-Taiyuan and Tatung-Puchow Railways, are still under Chinese control. The 8th Route Army (ex-Reds) operating in a very wide area, from southern Chahar to Chengting-Tauiyuan Railway, with headquarters at Wutai Mountain, in Northeastern Shansi.

The

CENTRAL BANK OF CHINA

A BANKERS' BANK

SHANGHAI OFFICE:

15 The Bund, Shanghai

Telephone 12570 Cables: "Governbank"

BRANCHES:

NANKING	*Chuhsien*	Swatow	NANCHANG	Lanchow
Hsuchow	AMOY	TIENTSIN	*Chi-en*	Kweiyang
Paupu	Foochow	Peiping	*Fuchow*	CHUNGKING
Sinpu	*Chuenchow*	*Shihkaichuan*	Kiukiang	Chengtu
Chinkiang	*Yenping*	Tsingtao	Chengchow	*Wanhsien*
Yangchow	*Kien-ou*	Tsinan	Kaifeng	*Santai*
Hsiakwan	*Pucheng*	Pengpu	*Loyang*	HANKOW
HANGCHOW	*Santu*	Wuhu	Sian	*Wuchang*
Ningpo	CANTON	Anking	*Nancheng*	Changsha

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA, AND HONGKONG

Relief Situation in Central China is Grave

Hope of a National Government grant of $250,000 to aid war sufferers in Shanghai was expressed by Father Jacquinot upon his return from a tour of northern and central areas, the *China Press* reported last week. The priest said that government officials took a sympathetic attitude toward his representations on behalf of the thousands of destitutes in this city.

Although the money had not yet been transmitted, said Father Jacquinot, he had been given every assurance that the necessary steps would be taken by the Finance Ministry for the transfer of the sum at the earliest possible date.

The new grant of $250,000 to refugee relief in Shanghai brings the total Government allocation for that purpose to $750,000 in cash, and $800,000 in bonds, a sum of $500,000 being granted in cash in response to the first appeal.

Additional funds received by the Shanghai International Red Cross recently, was the gift of $10,000 from Hawaiian "friends." Of this sum $2,500 was allocated to Nanking relief work and the remainder to the Shanghai area. Up to March 22, the sum of $4,000 had been donated to the fund in memory of the late Mrs. Li Ming.

Meeting popular demand throughout Canada, the Canadian Red Cross last month formed an organization to open a relief fund for China, the body set up for the purpose being designated the National Committee for the Relief of War Sufferers, with the backing of a nation-wide campaign.

Sir Henry Drayton has been elected Chairman of the organization, and co-operating with the Canadian Red Cross are the Anglican, Baptist, Roman Catholic, Presbyterian and United Churches, the Jewish Synagogue, the Disciples, the Friends, and the Salvation Army, according to the *Toronto Daily Star*.

Conditions Grave in Central China

The relief problem in Shanghai continues serious. At present there is a total of 194 war refugee camps with more than 200,000 inmates, according to the various charitable bodies in charge of the camps. In central China, conditions are also grave. This section of the country is witnessing a great influx of persons who, while not entirely destitute, as are Shanghai's refugees, possess but small means. Especially serious is the situation regarding child refugees.

With the withdrawal of the Chinese troops from Kiangsu and Chekiang, the war refugees concentrated in Hupeh and Hunan and with the withdrawal from Hopei and Shansi, they concentrated in Kansu and Shensi. In addition to providing board and shelter for part of the refugees in camps, the Government are sending others to Sikong and Szechuen for reclamation work. Special attention is being paid to educational work among the refugees and their children.

With the destruction of practically all schools in the war zones, hundreds of thousands of students have lost their schools. Knowing how important they will be for future reconstruction, the Government are taking care of them, in spite of the war. Oong Wen-hao, Minister of Economics, made clear in a recent statement the Government's efforts towards economic development. The Government is willing to support industrialists who wish to build up their industries in the interior and is also giving special attention to the development of mining. Further, railways and highways are being built, the foreign trade is being readjusted and rural economy improved.

Canton Relief Corps Demonstrates

In Canton, the Red Cross Society is preparing for any eventuality in case of war moving southward. According to Edward H. Lockwood, of the Canton Y.M.C.A., the society intends to organize hospitals for use of refugees and soldiers. At the same time, plans have been laid for increasing the number of relief and ambulance workers.

Several hundred women of Canton's War Relief Corps, in full marching order, paraded March 22 in front of the Municipal Government's administrative building. The girls wore steel helmets, blue uniforms and khaki puttees. Many of them served with the male Red Cross units on the Nanking front, a few of which never returned. The corps' strength is growing daily. It intends to be fully prepared for any possible invasion of Kwangtung.

St. Luke's Not Returning to Old Quarters

Overcrowded conditions continue in hospitals in Shanghai. There is no dearth of doctors, however. The Shanghai General Hospital, which moved back to its premises north of Soochow Creek on January 14, is the only major hospital to do so.

Officials of the St. Luke's Hospital said last week their old premises on Seward Road are for sale to any reasonable bidder. A few old beds and some electric light bulbs are all that remain in the old buildings. The furnace and 95 per cent of the laboratory and hospital equipment have been moved to St. Luke's temporary quarters south of the Creek. Few, if any, beds are ever vacant here.

Money has been appropriated in America and the land is available on Hart Road for the construction of a new medical center to be used jointly by the St. Luke's Hospital and the St. Elizabeths' Women's Hospital. Excessive construction costs, however, and the general uncertainty are making it necessary to postpone building operations.

St. Luke's is operating a branch hospital in the building of the Academica Sinica. It also has a maternity hospital and nurses home on Hart Road.

The Shanghai Sanitarium Clinic, now located at 51 Rue Moliere, will move back to its quarters in Yangtszepoo as soon as conidtions permit. Only about half of the equipment belonging to this hospital has been moved. Some refugee patients are being accommodated at this hospital and the out-patient department is particularly active.

GRAPHIC ILLUSTRATION OF THE RELIEF PROBLEM

Upper Left—**Refugee dying of hunger on a public road at Siccawei, outside the French Concession—one of thousands. (2) The dogs found this one first, on one of the outlying roads in the western district, possibly the body of a soldier. (3) China takes up cremation on wholesale lines—burning of hundreds of unclaimed bodies picked up in the streets of Shanghai and surrounding areas. All three pictures were taken by Dr. N. Eskelund of Shanghai.**

交通銀行

BANK OF COMMUNICATIONS

Member of the Shanghai Bankers' Association

ESTABLISHED IN 1908

With Branches and Sub-branches and Correspondents in all principal cities of the world. All kinds of Banking and Exchange business transacted, including Savings and Trust business.

Shanghai Office: No. 889 Avenue Joffre, Shanghai

Local Sub-branch Offices:—
Nanking Road, Wayside, Boundary Road,
Bubbling Well Road and Boulevard des Deux Republiques

No Council Elections This Year; Reply to Japanese Acceptable

There will be no Shanghai Municipal Council elections this year, nominations being sufficient only to fill the seats, thus obviating the necessity of a poll on April 4 and 5, the dates announced previously for the election.

The foreign ratio in the Council has been maintained, with five Britons, two Americans and two Japanese members having been selected by their respective community bodies, while the Chinese ratepayers have nominated their sitting five representatives to serve on the Council for a further term.

The five members selected by the British community are Brig.-Gen. E. B. Macnaghten, and Messrs. W. J. Keswick, R. G. MacDonald, F. N. Matthews and G. E. Mitchell. To represent American interests, Mr. C. S. Franklin and Mr. W. H. Plant have been selected. Japanese members will be Mr. O. Okamoto and Mr. T. Sugisaka.

Mr. R. D. K. Silby was the only nominee put forward by the registered land owners in the Settlement as a Land Commissioner for the forthcoming 12 months, and he was accordingly elected, while the Chinese Ratepayers Association announced that it had nominated Mr. T. Z. King for the post of Land Commissioner.

Japanese Meeting Calm

One of the calmest annual meetings in the history of the Japanese Residents' Corporation was brought to a close on March 27. The only show of life was apparent when the question of the currency to be used in the compilation of the corporation's budget was brought up. At present the budget is computed in dollars. Following a brief debate, it was decided to place the final decision on the matter in the hands of the Corporation's Council. The corporation's budget of $742,990 for the next fiscal year was passed without amendments.

Commons Accept Council Reply

Negotiations between the Shanghai Municipal Council and the Japanese authorities came up at question time in the House of Commons March 23. In reply to Arthur Henderson, Labour member for the Kingswinford division of Staffordshire, R. A. Butler, Under-Secretary of State for Foreign Affairs, said he understood that the Municipal Council's reply to the Japansee demands of January 4 was acceptable to the Japanese authorities. "A tactful document which bears the marks of high diplomatic advice" is how the Manchester "Guardian" describes the reply of the Shanghai Municipal Council to the Japanese demands of January 4 for an increase in the number of Japanese members of the Municipal Police and the placing of Japanese in controlling positions in all the important organs of the Council.

The Municipal Council's request, that the Japanese should restore control of those parts of the International Settlement occupied during the fighting, in return for an increase in the Japanese branch of the police, the newspaper asserts, seems a reasonable compromise. There is no good reason, the journal concludes, why the Japanese should not accept this request.

Wharfage Fees along the Bund Ordered by Council

Congestion and condition of mooring facilities along the Bund brought about by the hostilities, constitutes a definite danger to shipping in the opinion contained in a report submitted to the Municipal Council's Works Committee on March 22.

The acting harbor Master's report pointed out that numbers of craft or vessels lie idle along the Bund pontoons on one excuse or another and many take an unnecessarily long time in discharging their cargo with the result that other craft requiring landing facilities are compelled to secure on the channel side of the idle craft to await their turn for work; unnecessary congestion being thus continually preserved. He also pointed out that no accumulation of craft took place along the French Bund. This, he considered, was due in a large degree to the existence of the municipal wharfage dues which vessels using the French Bund frontage are called upon to pay. The immediate result of this was that all craft and other vessels, except steamers, flocked to the Settlement Bund where there are no wharfage dues. In order to relieve this congestion and to diminish the dangerous strain on the pontoon moorings caused thereby, the acting harbor Master suggested that a system of wharfage dues be introduced on lines similar to that in force at the French Bund.

The commissioner of public works in a report submitted pointed out that in normal times native boats and lighters were permitted to land cargo only on the pontoons south of the Custom House, those north of the Customs House being reserved for passengers. On the outbreak of hostilities the whole of the Bund frontage was converted as an emergency measure into a universal wharf at which ocean-going steamers were permitted to load and unload cargo and passengers. The free use of this frontage had been a great boon to the shipping interests for more than seven months. Considerable damage had, however, been done to the Bund frontage, the pontoons, and their moorings which were never intended for the strain to which they have been put.

After a lengthy discussion, it was unanimously recommended that the fees as suggested by the commissioner of public works be approved with the exception that for vessels of 100 feet or more in length, a charge for the first 6 hours be made of $0.25 pre foot; for periods longer than 6 hours, $1 per foot per day of 24 hours, with a maximum time limit of three days. With regard to private pontoons used by the shipping companies moored opposite the Bund Garden, the above rates will apply with a rebate of 50%, with a maximum rebate of $50 per day. These fees will be enforced as from April 1, 1938.

Land Transactions Under License System

Japanese naval and military authorities claimed on March 25 to have taken steps to halt activities of "land sharks" and other profiteers seeking to exploit refugees in the Shanghai area, by placing all land and property transactions under a license system. They also extended their control over all projected constructions in the area east of Liuho, Kating, Szepao and Cheling to the sea. This action, a statement issued by the Japanese authorities declared, was designed "to safeguard the interests of the people at large."

P. W. D. Dismisses 18 Men

Reorganization of the Public Works Department of the Shanghai Municipal Council will provide for the dismissal by June 30 of 15 foreigners, two Japanese and one Chinese from the staff, it is announced. Some of the dismissed workers have long service records. Eleven of those who are being dropped from duties cease to draw pay on April 30.

It has been stated by the commissioner of Public Works Mr. A. F. Gimson, that the reorganization plan makes it possible for the department to carry on efficiently with a decreased personnel. The change, long contemplated, was rushed somewhat by the hostilities and resulting losses to the Settlement which made retrenchment necessary. Those effected by the cut are the following, the first seven of whom end their connections with the Public Works Department as of June 30: Mr. A. W. C. Browne, custodian, Administration Building; Mr. H. C. Clements, Workshops engineer; Mr. H. E. Denny, sewerage engineer; Mr. C. W. Glover, senior assistant engineer; Chief Inspector A. J. R. Hodges; Mr. W. C. Johnstone, accountant; Mr. A. C. Wheeler, senior assistant architect; Assistant Inspector T. Aizawa; Mr. H. Hill, clerk-of-works; Mr. P. Ishihawa, clerk-of-works; Mr. R. E. Phillips, clerk-of-works; Inspector G. Pleshkoff; Inspector W. W. Repas; Mr. T. L. Thorpe; assistant; Mr. J. Hempsey, clerk-of-works; Mr. P. O. Ho, assistant engineer; Mr. B. L. Mamysh, architectural assistant; Mr. A. J. Orton, assistant.

U. S. Refugee Plan

The American proposal to establish an international committee to facilitate emigration of refugees from certain European countries has been designed to aid not only minority groups in Austria and Germany, but also in Russia, Spain and Italy, President Roosevelt told correspondents this week. Asked whether the plan was primarily concerned with the Jewish minorities, the President replied that it was meant to apply also to numerous Christians who are persecuted by the anti-religion policies of their respective governments, *United Press* reported.

Mr. Roosevelt indicated that launching of the plan would require no special legislation in the United States since expenses of the plan could be borne by private groups. The proposed arrangement would disprove the theory that the United States is the only place where political refugees can find haven, the President asserted. The proposal was announced by officials of the State Department at Washington. The officials revealed that a message, containing the proposal, had been sent to nine European nations and all Latin American nations. The British Government will agree to the proposal, according to authoritative circles in London.

Manchukuo Prime Minister Dies

Cheng Hsiao-hsu, the first Prime Minister of the State of Manchukuo, died here March 28 at the age of 79. *Reuters* reported Cheng was one of the men responsible for planning the escape of the young ex-Emperor of China, Pu Yi—now Emperor Kang Teh of Manchukuo—when his life was threatened in 1924 by Marshal Feng Yu-hsiang.

Despite offers of high positions made to him from time to time by the Chinese Government, Cheng's loyalty lasted throughout the years that followed. He was rewarded at last on March 8, 1932, when Henry Pu Yi was installed as Chief Executive of the state of Manchukuo a post which was only the prelude to his enthronement as the Emperor Kang Teh in 1934.

Cheng Hsiao-hsu was born in 1859 at Foochow, the well-known treaty-port in Fukien province. From his father Cheng Shou-lien, he inherited scholarly qualities which led to his entry as a pupil in the Hanliyuan Academy out of which he passed, at the age of 22 with the coveted title of Hanlin.

Then, following the normal course of a young Chinese gentleman under the Manchu regime, he sat for the Civil Service examinations, the stepping-stone to official life, and passed with honors. By that time, he had already gained a reputation as a poet of distinction.

Who's Who in China

李祝懷字仲瑜
Li Tsu-hwai (Li Chu-huai)

Li Tsu-hwai, Consular official; born at Hutow, Anki, Fukien; after studying in his native village, joined the Westminster College at Chuanchow, Fukien, from which he graduated in 1923; joined the Amoy University in the same year and the Central Political Institute at Nanking in 1929, graduating from the latter in the fall of 1934; joined the Ministry of Foreign Affairs, 1934; passed the Higher Civil Service Examination for Diplomatic Service in 1935, and was appointed Vice-Consul in the Chinese Consulate at Macassar (Celebes) N. E. I. in the fall of 1936; address: Chinese Consulate, Macassar (Celebes) Neth. East India.

Missing Japanese Couple Reported Held in Saghalien

Still held by the Ogpu after two months' unexplained detention, Tokyo's much publicized "missing actress" and her producer sweetheart have been brought back to North Saghalien—the locale of their disappearing act—and are undergoing further examination at the hands of the Soviet authorities in a secret place, *Domei* reports. Such was the latest story concerning Miss Yoshiko Okada and Mr. Ryokichi Sugimoto as related in Tokyo last week by an unnamed foreigner just arrived in Japan from Soviet Russia.

Early in January the actress and her sweetheart caused a small sensation when they staged a 100-yard dash across the Saghalien border into Soviet territory while on a jaunt to see the scenic snowy wastes of Litter Siberia. Whether they eloped, performed a publicity stunt, or just wanted to get away from it all in one step, never has been explained. Soon after their sprint into North Saghalian before the eyes of mystified policemen, they were taken in custody by the Soviet authorities. The two were moved to Alexandrovsk, where Bunichiro Tanaka, Japanese Consul-General, acting on instruations from Tokyo, when the Foreign Office became interested in the case, stated negotiations with Soviet officials for their immediate release.

Refusing to free Miss Okada and the actor-producer, the Soviet authorities moved them to the headquarters of the Ogpu near Habarovsk, where there were subjected to rigorous questioning, according to the foreign traveler's account. On Feb. 10 Consul-General Tanaka was informed by Soviet officials at Alexandrovsk that the couple had been sent inland, but the statement made no mention of the reason for their arrest or when they would be released. While in Japan Mr. Sugimoto had come under police suspicion for reported Communistic leanings.

Heavy Drop in Japan's Raw Silk Sales to U.S.A.

Japan's exports of raw silk to the United States in January amounted to only U.S.$11,495,240, which represented a drop of $6,030,773 from the exports of January last year. R. D. Jenkins, vice-president of the International Silk Guild, New York, said it was difficult to determine the exact cause of the drop but many persons attributed it to the boycott of Japanese silk which is being pushed by women in all parts of the United States. Women's organizations have pledged themselves not to purchase articles made of Japanese silk until Japanese troops are withdrawn from China.

Certain hosiery manufacturers ridiculed the boycott and said that only one percent of manufacturers of hosiery had converted their mills to the use of lisle or rayon in January.

Japanese Power Plant at Tsitsihar Destroyed Second Time

The large power and light plant recently completed at Tsitsihar, North Manchuria, was completely destroyed by fire on the night of March 26. The damage was estimated at Yen 400,000. The previous plant, also constructed by Japanese engineers, since the Manchurian occupation, was completely destroyed by a boiler explosion about 17 months ago. The Japanese suspect sabotage and have ordered an investigation.

China Electric Company
LIMITED

Manufacturers and Importers of Manual and Automatic Telephones and Radio Equipments.

SHANGHAI NANKING
CANTON TIENTSIN

Shanghai Office: 269, Lay Road
Tel. 50100

CHEAP
SIMPLE
CLEAN
FAST

FOOD THAT'S
REALLY
DELICIOUS
IS

COOKED ON
MODERN
ELECTRIC
COOKERS

FOR RENT
AT THE
SHANGHAI POWER COMPANY

Men and Events

Commander H. E. Overesch, U. S. Naval Attache at Peiping, was in Shanghai this week on his way to Hongkong and Hankow.

Tenzo Sawada, Counsellor of the Japanese Embassy at Changchun, has been appointed diplomatic adviser to the Japanese Army in North China.

A warehouse belonging to the China Merchants Steamship Company, located at No. 15, French Bund, was burned on Friday morning, March 25. The loss amounted to $70,000.

James Lin, son of President Lin Sen of the Chinese National Government, was killed during the fighting at Taiyuan, Shansi, according to a *United Press* report from Hankow on March 25.

The Czechoslovakian firm, Skoda Works, for many years engaged in engineering enterprises at Shanghai and elsewhere in China, has moved its head office from Shanghai to Hongkong.

Capt. Yardley, who was in charge of the Dollar Line steamer, *President Hoover*, when it was wrecked off Formosa, was married on March 23 to Mrs. Gertrude Hall Adams of Redwood, California.

The U. S. S. Transport St. Mihiel, which arrived at San Francisco from Honolulu on March 23 was thoroughly searched by U. S. Intelligence officers, the reasons for which were not announced.

Masayuki Tani, former Japanese Minister to Austria and now Minister-at-Large, stationed in Shanghai, entertained local newspaper men and correspondents at cocktails at the Broadway Mansions Lounge on Wednesday, March 30.

A Japanese writer named Shikachi (pseudonym) who attended a conference of Chinese writers at Hongkong on March 27, delivered an address attacking the Japanese military system and forecasting a final Chinese victory.

Arthur Menken, who represented Paramount Newsreel on the Shanghai-Nanking front of the Sino-Japanese hostilities, departed this week for Hongkong, where he will enplane for Europe, traveling by British Imperial Airways.

Mrs. Zina Guillet, daughter of Mr. and Mrs. N. Cantorovitch of Shanghai was married on Saturday, at the Swedish Consulate-General, to Karl E. Hill, son of the late Karl Richard Hill and Mrs. Hill of the China Inland Mission.

Miss Lucie Cheng, graduate of St. Mary's Hall, Shanghai, was married on March 25 to Dr. Shiding Wang, nephew of Dr. C. T. Wang, Ambassador to the United States. Dr. Wang is connected with the Chinese Red Cross Hospital.

Through its Ambassador in Tokyo, Mr. Yuan Chen-tuo, the Manchukuo Government has formally notified the Gen, Francisco Franco regime in Spain of its acceptance of Senor Mariand Amoido Garalmendi as the first Spanish Nationalist diplomatic envoy to Manchukuo.

Five Chinese flour mills, located south of Soochow Creek in the International Settlement, have resumed operation. They are Fooshing Nos. 2, 7 and 8, Fufoong mill and Hsinta mill on Marco Polo Road. Daily sales within the Settlements amount to 10,000 bags.

The British Loyal Regiment, Second Battallion, commanded by Lt. Col. J. E. Hume, D. S. O,, conducted its last march-past in Shanghai at the Race Course on Saturday of last week. The Loyals departed this week on the troopship Somersetshire, which brought the Seaforth Highlanders here to replace them.

A number of members of the crew of the Dollar liner *President Hoover* which was wrecked off the Formosan coast, have demanded special wages for the period when the ship was stranded. Upon the Company's rejection of the demand, the men threatened to bring a legal action in the courts.

The Japanese authorities announced they were sending 100 "Sumo" wrestlers to Shanghai for the purpose of entertaining the Japanese Army here and elsewhere. The wrestlers, scheduled to arrive in mid-April, will be headed by Tamanishi who weighs 308 pounds.

Judge Milton J. Helmick of the U. S. Court for China was scheduled to speak at the monthly meeting of the British Universities Society of China, at the Park Hotel on Thursday of this week at 5:45 o'clock in the afternoon. His subject was "American University Life." Members of the American University Club were also invited to attended.

Two local financial drives were successfully completed last week. With $28,000 pledged, the Salvation Army was expected to reach its goal of $30,000 to carry on the 1938 work. The Chinese Y. C. C. A. was somewhat more ambitious and set its its mark at $40,000 and was more than successful in the final windup with $49,503, or $9,503 more than was expected.

Customs authorities in New York arrested 11 Chinese aboard the steamer Lossiebank which had just arrived on March 26 from Singapore. It was claimed that the Chinese had each paid U. S. $200 in order to gain entrance into the United States. The Chinese borded the steamer at Penang and were said to be victims of an alien smuggling ring.

Fan Han-sheng, Chinese Consul-General at Seoul, Korea, was dismissed from his post and ordered punished for acceptance of appointment from the Peiping "Provisional Government." Chang I-hsin, chancellor of the Consulate was also dismissed. It was stated that their action was due to pressure by the Japanese authorities, but this did not excuse their collusion with the enemy.

Baroness Eva Dickson-Finecke, Swedish sportswoman and society leader, was killed in a motor car accident at Beghdad. She set out last year to drive an automobile across Asia to China, following a route originally mapped by the Swedish explorer Sven Hedin. She had driven through Afghanistan and India but had to turn back on reaching the Chinese frontier because of the war.

The Rockefeller Foundation, according to the annual report, issued in New York on March 25, appropriated more than U. S. $9,500,000 for research work in China in 1937. Of this amount $400,000 was for rural reconstruction work. Much of the money went to educational institutions which have since been destroyed by Japanese airbombs, while the work in rural economics has been suspended because of the hostilities.

The French Maritime and Colonial League has awarded the Grand Gold Medal of the League to the Jesuit Fathers of the Zicawei Observatory, in recognition of their services on behalf of navigation on the Pacific Ocean for more than a half century. The commemoration which accompanied the award (March 24) stated that thousands of lives had been saved by warnings of more than a thousand typhoons which had been sent out.

All American mail destined for Shanghai will be dispatched here directly from Japan, according to an announcement early this week stating that mail arriving on Dollar liners will be transferred in Japan to earliest available steamers bound for Shanghai, while mail carried on Empress steamers will be brought here directly. Previously all American mail was sent either to Hongkong or Manila and then sent here, resulting in delays of one to two weeks.

Funeral services for the late Mr. Lin Chun Tam Chin were held in Shanghai on Saturday, March 26. The services were conducted by the Rev. S. H. Yue of the Shantung Road Christian Church. Mrs. Chin was the wife of Dr. N. Y. Chin well known Chinese physician, who has been connected with the National Quarantine Service. Mrs. Chin, who was 35 years of age, is survived by her husband and three small sons. Burial was at the Hungjao Road Cemetery.

The Japanese N. Y. K. line has announced its intention of putting two "superior" liners on the Pacific and has petitioned the Ministry of Communications for the grant of a subsidy amounting to Yen 28,800,000. The vessels will be of 26,500 tons. It was estimated the vessels would cost Yen 48,000,000, hence the subsidy would amount to 60 percent of the outlay. The vessels would be similar in size to the Canadian Pacific Steamer, *Empress of Japan* and the Dollar liner *President Coolidge*.

Claude Swanson, Secretary of the Navy Department at Washington, on March 26 publicly commended the action of U. S. Marine Pharmacist, Horance Thomson, for donating his blood to Sir Hugh Knatchbull-Hugesson, former British Ambassador, who was seriously wounded by Japanese aerial machine-gunners last August. Thomson promptly donated his blood to the British Ambassador. The Marine is now stationed at the base at Bremerton, Washington.

The Japanese have announced their intention of inviting 61 countries to send delegations to participate in the Olympic Games, scheduled for Tokyo in the summer of 1940. The invitations will be issued in the name of Prince Iyesato Tokugawa, Chairman of the Olympic Committee. It was reported that the invitations would not be mained until after the return of the Japanese delegation from the International Olympic Committee meeting at Cairo.

Edward Beatty, special correspondent for *United Press*, who was stationed in Shanghai during the Sino-Japanese hostilities here and later transferred to Hongkong, is now in Vienna. Weldon James, member of the *United Press* staff who was on the U. S. S. Panay at the time the ship was bombed and sunk by Japanese warplanes, has gone to New York by way of Europe. John Morris, general manager of the *United Press* in the Far East, is returning to New York on a business trip shortly.

The National Government at Hankow has ordered an official funeral for the late Li I-chih, director of the Shensi Water Conservancy Bureau who died at Sian on March 8. Mr. Li was well known for his conservancy engineering projects along the Huai and Yellow Rivers. The Government also issued a memorial in honor of the late Lin Cheng-chiu, member of the Kuomintang Central Overseas Affairs Commission in recognition of his service on behalf of the revolutionary movement. A further mandate was issued ordering an official burial for the late Shen Chen-hsien, director of the Agricultural Experiment Station at Chinshu who was killed on Feb. 23 by a mob of farmers owing to a dispute over the ownership of a piece of land.

Woodruff M. Mandeville, American youth, who saved the town of Tachienlu from burning in the spring of 1934. died at Mt. Olive, California on Feb. 24, according to a report in the *North China Daily News*. According to the report, published in Shanghai at the time, Young Mandeville who was visiting in the Tibetan town, discovered a fire in the Ngachos Lamasery and by hurriedly organizing a bucket-brigade succeeded in saving the Lamassery and also, in all probability, the entire city. Mandeville resided in Shanghai for sometime following his return from Tibet but became afflicted with tuberculosis and was compelled to return to the United States.

The U. S. Fifteenth Infantry Regiment, which was stationed at Tientsin for more than a quarter of a century, received an enthusiastic welcome upon its arrival at Tacoma, Washington, on March 23. When the U. S. Transport Grant, bearing the troops, arrived the Tacoma harbor was filled with gaily bedecked pleasure craft while whistles on ships and factories were blown in a symphony of welcome. Airplanes and blimps from Fort Lewis, where the regiment is to be quartered, circled overhead. Among those in the welcoming delegation were Governor Clarence D. Martin; Brig. Gen. Thomas E. Merrill.

Japan to Halt Alaska Fishing

Japan has given assurances to the United States that she will issue no licenses to Japanese vessels intending to fish for salmon off Alaska, the Foreign Office announced in Tokyo March 26. The Japanese Government will further take suitable steps to deal with violations of the ruling brought to its attention by the American authorities, the statement added.

New Naval Port Established

Tokuyama, a prominent Inland Sea port in Yamaguchi Prefecture, will henceforth be a new Japanese naval port under the jurisdiction of the commander of the Kure Naval Base, a spokesman for the Navy Ministry announced in Tokyo March 26. A branch office of the Kure Naval Base headquarters will be established soon at Tokuyama to take charge of official restrictions to be imposed at the port.

No Motor Car Taxes?

Motor car taxes are not being collected by the "Ta Tao Government," which controls the environs of Shanghai, a Japanese military spokesman said last week. This statement was made in reply to a request for information on the subject. The questioner said he had been informed that motor cars and bicycles were being stopped on Hungjao Road by "Ta Tao Government" officials seeking to collect taxes. The levy on motor cars, the questioner asserted, was $9.60 a month. Inquiries with the Ta Tao authorities, the spokesman said, revealed that no such taxes were now being legally collected.

Peiping "Government" to Expand

With its jurisdiction gradually extending to new territory in North China, the Peiping Provisional Government has decided to expand its administrative machinery, *Domei* reports. Two new commissions, of Home Affairs and Industry, will be added to the existing Executive, Peace Maintenance, Educational, Legislative and Relief commissions. The projected industrial organ, expected to be established early next month, will co-operate closely with the Sino-Japanese Economic Council, opening on March 26.

Seeking to develop Sino-Japanese Trade, Chinese merchants in Peiping have decided to organize a Japanese Products Association, supported by the Federation of the Peking-Tientsin Trade Associations, a *Domei* dispatch said. The federation comprises the Peking Traders' Association and the Tientsin Traders' Association. Mr. Tso Hsien-sun, Chairman of the Peking Traders' Association, will be appointed Chairman of the new organization. With its main offices in Peking the organization will start business early in May. It is designed to act as a contact bureau between Chinese and Japanese merchants and to promote the distribution of Japanese products in China.

Have You Noticed The Same Thing?

It was a cheery old Irish lady who said she had always noticed that if she lived through March she lived through the rest of the year! March is a trying time to most people elderly or otherwise, but its dangers can be greatly minimised by keeping the system clean and healthy with the aid of Pinkettes.

Mildly yet efficiently, these dainty little laxative pilules cleanse the intestinal tract and restore regularity of the all-important daily habit. At the same time they gently stimulate the liver, banish bilious attacks and sick headaches, purify the breath, aid digestion, relieve piles if present. To ensure the clear skin, bright eyes and cheery spirits of radiant health, Pinkettes are perfection. Of all chemists.

Millions of people all over the world wear

Bata

Shoes

WHEN YOU THINK OF PAINT THINK OF CAMPBELL

PAINTS AND PAINT WORK

H. B. CAMPBELL

1481 Bubbling Well Road

Phone : 34360

A.B.C. PRESS, SHANGHAI

Printing in all its Branches

Your work should bear our imprint

SWAN, CULBERTSON & FRITZ

Investment Bankers

and Brokers in Securities and Commodities

Daily New York and London Stock Exchange Service

Sassoon House Telephone 11200

TO OUR SUBSCRIBERS IN AREAS OF MILITARY ACTIVITY

Hundreds of subscribers, who were forced to leave their homes because of the war situation, have been unable to return and in many instances, have been compelled to establish temporary or permanent residences elsewhere.

As a result they have been unable to receive copies of **The Review** mailed to their normal addresses.

In all cases these back copies have been retained in the office pending receipt of instructions as to new addresses.

Subscribers would thus confer a favor if they would notify this office of their present addresses, with instructions as to methods of routing the paper so as to assure delivery, particularly in Central, West and Northwest China. Mail deliveries between Shanghai and such points as Hankow now require a minimum of 8 to 10 days.

New Books of Interest in the Far East

A Reformer Reforms

Assignment in Utopia, by Eugene Lyons, Harcourt, Brace and Company, N.Y. 1937. 658 pp.

Early in 1928, Eugene Lyons,—a confirmed if unregistered communist,—left New York for Moscow to glorify Russian achievements for the millions of the *United Press*' subscribers. Six years later, he was expelled from the Soviet Union as a bitter foe.

Sandwiched between these two dates is the intellectual history of a man, whom life—as seen in Russia—had taught that dictatorship, whether it has its roots in pure Aryanism or seeks to protect the workers, is indefensible on any ground. After six years in the Soviet Union, Lyons returns to his native hearths convinced that Democracy, great as its deficiencies may be, gives the greatest benefit to the greatest number of people.

Lyons has written a monumental book,—perhaps less mature than Sheean's and less scholastic than Chamberlin's,—but still an invaluable document in the study of the most important period in revolutionary Russia's history. The work has profound thought, casual impressions, humor, and pathos. There are not a few pages that strike one as the most notable pieces of literary craftsmanship to appear from the typewriter of any newspaperman gone autobiographical.

Perhaps the greatest criticism that can be offered against the book is Lyon's almost obscene confession,—repeated time and again,—that he had consciously and deliberately used the medium of an American news agency to mislead millions of people regarding the real conditions in Russia. The confessions fail to unburden Lyons,—at least in the eyes of readers,—of culpability for the greatest crime that can be committed by a newspaperman,—dissemination of propaganda.

Lyons went to Russia with a background of work with lawyers defending "wobblies" and Sacco and Vanzetti and a few years of service with *Tass*, the official Soviet news agency. When he first crossed the Soviet border, he was fanatically devoted to the Socialist Experiment and was anxious to help Russia to overcome the Imperialist Opposition abroad. His preconceptions were rudely shattered one after another by contact with the Soviet realities, but Lyons remained faithful to his ideals for about three years. But with acquaintance with the Russian language and people came a genuine appreciation of life under Stalin, and Lyons' reports to New York became harsher, lost their sugar-coating of valorous, if unpermissible in the circumstances, pro-Sovietism.

Lyons' main contention is that Russia today is ruled by a small bureau-cratic clique, headed by an absolute dictator. This "handful of men in the Kremlin" has taken upon itself the "supernatural prerogative" of deciding how 160,000,000 people should live to attain ends which these men had decided upon.

"Could one," says Lyons, "grant them this prerogative, even in principle, withough justifying every self-righteous maniacal minority that decides to enforce its visions on humanity by wars, inquisitions, and dictatorships? Anyone who decided to torture and kill one man or woman for the good of the victim's unborn great-grandchildren would be adjudged insane. Is he any less insane when he decides to torture and exterminate millions of men and women for the good of their unborn posterity? Have only the unborn generations a right to happiness, so that the anguish of the living generation is a trifling investment for its great-grandchildren?

"The logic of that 'investment' turns mankind into a donkey following the carrot hung before its nose but always out of reach. The carrot of happiness for future generations is no more real than the carrot of bliss in paradise dangled by religion; both of them may serve as justification for flogging the donkey. A thousand things may snatch the theoretical happiness from the coming generation; it may even have a different concept of happiness than the group now brandishing 'the sword of history.' Only the anguish of the living generation is real and indubitable."

This motif is repeated again in a formal charge against the Soviet rulers:—

"The crime of Bolshevism is that it tore down the whole ethical structure, retaining only the economic framework. Because it was born in a land where the democratic and humanist ideals were practically unknown, in a land still feudalistic in its thinking, Bolshevism merely adapted the mechanism of socialist economy to its old slave psychology. The result was at best a sort of feudal socialism . . .

"Socialism emptied of its humanitarian impulses and 'prejudices' is not only barren but reactionary. It can advance no argument which fascism cannot duplicate. Already it has brought the idea of socialim into disrepute by cutting off all its associations with the accumulated treasures of human freedom. A mechanistic, dehumanized socialism based on dictatorship, systematic brutality, regimented robots working for an impersonal state administered by a privileged caste of bureaucrats has only the virtue that it is different from capitalism . . .

"I left Russia and Europe convinced that the immediate task—for those who have the urge to participate consciously in the historical processes of their lifetime—is to defend the basic concepts of freedom, humaneness, intellectual integrity, respect for life. The triumph of any new economic system will be an empty victory, a tragic retrocession, if these concepts are insulted and expunged in the process. They must be defended from Bolshevik onslaughts no less than fascist or capitalist onslaughts. If the certainty of a full belly is to be made the only goal of socialism (and Russia, or any other country, may attain that goal in time) then the inmates of Sing Sing and Leavenworth are already living under socialism."

Lyons gives much time and careful analysis to the Five Year Plan and the periodic fluctuations in the Soviet policy,—from right to left and back to the right,—with the attendant mass trials of "Trotskyite snakes." The first Five-Year Plan, described as a failure, was adopted by Stalin when the Western world, including Wall Street, rejected the Kremlin's appeals for financial assistance, according to Lyons. In forcing the Plan down the throats of the Communist Party and the conservative peasants, Stalin,—in Lyons' opinion,—has for the first time demonstrated the dictatorial power he has been enjoying by dominating the machinery of the Communist Party.

Some of the bitterest pages in "Assignment in Utopia" are devoted to a description of the still generally unknown Great Famine in the "grain belt" of Russia,—the Ukraine. The famine, which brought death to estimated 5,000,000 farmers, was the result —if one is to believe Lyons,—of Stalin's decision to punish peasants for their refusal to join collectivist farms. Another significant chapter describes the conspiracy of silence which foreign press correspondents in Russia maintained to preserve their own jobs. It was only a year after the famine ended that some of the more daring news hounds risked official displeasure by reporting that which was no more.

"Assignment in Utopia" must be found on every shelf. Although in castigating himself, his colleagues and Soviet Russia, Lyons was obviously "playing for the gallery"—which buys books, —his work is an important document. Those who want know how the Great Experiment is succeeding,—or failing,—must read the book. The advice holds good for those who, like Lyons, have difficulty in reconciling their inherent liberalism with the brand of socialism now in force in Russia. Those who belong to neither class, will find "Assignment in Utopia" entrancing reading.

M.

New China Quarterly Out

The Winter Number (Vol. 3, No. 1) of the *China Quarterly* contains articles on "Conflicts in East and West," by Harry Paxton Howard; Sino-Japanese Conflict and China's Finances," by Dr. H. H. Kung; Recent Sino-American Monetary Agreements, by George S. Teng; Sino-Siamese Relations by Lin Yu and China and the Netherlands East Indies by T'ien-Tse Chang. In addition there is a section of some 40 pages, with pictures, devoted entirely to the problem of relief of Chinese refugees. The relief section contains articles by W. D. Boone, Etha M. Nagler, Mrs. W. S. New, Dr. Szeming Sze, H. C. Chen, N. B. Doodha, D. K. F. Yapp, H. A. Wilbur and Dr. Robert F. Fitch.

Kwangtung Rice Conservation Program Under Way in Province

Praise for the food conservation work of the Kwangtung Provincial Government through its rural cooperative commission and the Bureau of Agriculture and Forestry was given by D. Y. Lin, director of the two organizations in an address at Hongkong recently.

The part played by Kwangtung behind the battle line in China's heroic resistance against Japanese aggression may prove to be one of the decisive factors in the winning of the war, Lin said. The food problem of Kwangtung is roughly this: Kwangtung produces annually about 113,000,000 piculs of unhulled rice or approximately 73,000,000 piculs of polished rice. Since, however, the total consumption for the 33,000,000 people is 82,000,000 piculs, there has been an average shortage of about 10,000,000 piculs per year. To cover this shortage, Kwangtung has been importing rice from abroad and from neighboring provinces.

Lin said that if the food problem is to be solved, they must decrease the annual shortage, to economize the use of rice as staple food and to increase its production locally within the 97 hsien. To effect an increase in food production, he said, it is important that farmers be given better seeds, more land for cultivation and more capital and credit facilities for the purchase of seeds, implements and fertilizer.

Kwangtung has adopted a slogan once used in America, "Eat what you can and can what you cannot." In other words, the citizens are being urged to store away surplus production for future use, To take care of the surplus during good harvest months, the province has drawn up a program of compulsory storage of rice, and regulations governing storage in each hsien and each village.

Council at Work to Prevent Spread of Disease

Work on the prevention of summer diseases is now under way by the Public Health Department of the Municipal Council, with large quantities of cholera vaccine and the moving of insanitary trades from thickly-populated areas, the *China Press* reports. Mosquito gangs also have been organized to scout for breeding places with a view of treating them with the oil specially prepared for mosquito-extinction.

In moving insanitary trades from densely-populated districts, the P.H.D. has forced tanneries to change premises, eliminated wherever possible rag-picking, and forced the evacuation of trades like those of animal intestine disposal, which causes decay and subsequent disease.

Dr. J. H. Jordan, Commissioner of Public Health, stated that the dangers of summer disease were over-estimated by those who took into consideration the thousands of refugees now residing in the foreign-administered areas. He did not deny that last year the phenomenally-late cholera epidemic which started in September was traced to refugees.

Gangs will be put to work to remove not only exposed corpses, but all corpses not properly buried. A campaign for the systematic disposal of refuse will be launched, and the breeding places of flies will be hunted out and destroyed or rendered harmless through the application of lime.

The two greatest dangers of a Shanghai summer are cholera and typhoid. Last year, with the influx of refugees from less sanitary areas, a cholera epidemic swept this city, lasting the entire month of October and a part of November. That was unusual, and although there is no reason why cholera should not break out in mid-winter, it seldom does so in a sanitary city. And Shanghai, with its efficient Public Health Department, must be so classified.

Charts show that the disease, whenever it appears and develops into epidemical proportions, first shows itself here in either June or July. Because of the small prospect of an influx to this city during the summer, it is thought that an epidemic, if it should start, would do so from within the city.

This summer should settle the dissension of medical savants regarding the existence of cholera carriers, people who have not been completely cured of the plague, but who are temporarily immune to the germs they carry, although they are capable of infecting others. One group argues that there is no such cholera-carrier, although it has been proved beyond all doubt that typhoid-carriers exist. The argument is that the individuals are not carriers, who are temporarily immune, but people who have been overlooked, and have never been cured of cholera. Dr. Jordan, however, seems to feel that there was no trace of cholera in the city during the winter months.

Japanese Arrest Chinese With Trunk-Load of Dairen Opium

Japanese *Domei* service reported on March 23 the arrest of a Chinese named Su Pang-chich, 50-years old, who had in his possession a trunk-load of opium. Su claimed he was connected with the Yuantung Hotel on Canton Road and that he obtained the opium from a man named Shen who brought it from Dairen. The Japanese claimed three other Chinese opium smugglers had been arrested on board the Dairen-Shanghai liner Hoten Maru. The Japanese military authorities also reported they had discovered an opium "cache" at Yangchiachwang valued at $1,000,000.

The Spring Medicine For Young Children.

The spring is often a time of health disturbances for the young consequent upon the system's reaction from the rigours of the winter months. When it is necessary to administer medicine to prevent slight indisposition from assuming serious aspects, wise parents turn to Baby's Own Tablets, the medicine specially devised for infants and young children by a British physician who made a careful study of their ailments.

Baby's Own Tablets have a mild laxative action which cleanses the stomach and bowels, the source of most of the minor health troubles of young children. The tablets are guaranteed to be absolutely free from injurious ingredients and are equally good for the infant in arms as for older children. They are an ideal specific for indigestion, constipation, vomiting, colic, colds and croup, simple fever, worms. At teething time they are specially helpful as they settle the stomach, thereby reducing the inflammation in the gums and aiding sleep in a natural manner. At all chemists.

BABY'S OWN TABLETS.

Keep Children Well.

If you are SATISFIED

with

The China Critic

(中國評論週報)

WHY NOT GIVE YOUR RELATIVES AND FRIENDS

THE SAME SATISFACTION?

BE A "CRITIC BOOSTER"!

Subscribe Now! - - - - - Do it yourself!

"Subscribe to the Critic" - - Pass the word!

Subscription Rates for one year

(Including Postage)

China ..... **C.$7.00**

Other Countries ..... **G.$5.00**

THE CHINA CRITIC

(中國評論週報)

桂中樞 C. S. Kwei, *Editor* | 朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164

Panay Bill More Than Two Million U.S. Dollars

The United States Government informed Japan last week that America is prepared to accept U.S. $2,214,007.36 in payment for damages to American property and nationals in the fatal Japanese bombing of the American gunboat Panay above Nanking last December. The sum also covers damages to several American merchant vessels bombed on the Yangtze near Nanking at the time of the sinking of the Panay.

The figure of damages was delivered to the Japanese Foreign Office by the American Ambassador to Tokyo, Mr. Joseph Grew. It recalled Japan's promises of indemnification following the Panay incident. The sum asked by the United States exceeded advance estimates in unofficial quarters here by several hundred thousand dollars.

"I am instructed by the State Department of my Government" the note said to inform you that it finds the amount of property losses U.S.$1,945,670.01 and the amount of indemnification which should be paid in death and personal injury cases U.S. $268,337.35. Therefore the total amount which my Government is prepared to accept is U.S. $2,214,007.36.

Domei reported that Japan will formally reply to the American Note asking for U.S. $2,214,007.36, as indemnification for losses involved in the sinking of the U.S.S. Panay, at "an early date."

The British Government has presented Japan with a bill for £108,000 for the bombing and burning of the steamer Tuckwo at Wuhu. The claim also included damages suffered by Malcolm McDonald, *London Times* correspondent. No mention was made in the bill regarding damages to H.M.S. Ladybird, struck by Japanese bombs.

Party Will Explore Hainan

Messrs. Clark, Smith and Munroe, who hail from San Francisco, have sailed for China in search of the legendary "Tailed Man," said to exist among the "fierce tribes on the island of Hainan," according a report reaching here. Clark, leader of the party, stated that whether or not they found the legendary Tailed Man supposed to exist south of the "Mountains of the Red Mist" on the island of Hainan, he will bring back an entire village of the Hainan aborigines, known as Loi, for an exhibit at the 1939 Golden Gate International Exposition in San Francisco.

According to Clark, Hainan, an island of about 14,000 square miles owned by China, is so wild that the Chinese, until recently, had not "bothered to investigate the hinterland." The expedition will "map the interior of the island, locating the major peaks and headwaters of the principal rivers and will learn for the first time the customs of the Loi aborigines," who are of pre-Malayan stock and believed to be related to the Igorotes of the Philippines.

Ricksha Men Allowed in Hongkew

After a seven-month interval, public rickshas made their re-appearance north of the Creek on Monday of last week. The area, however, was not formally opened to ricksha pullers until March 23, when 50 picked men were allowed in Hongkew. Eventually, the number of pullers will be increased to 500. Decision to allow public ricksha in the northern and eastern districts was reached at a meeting attended by representatives of the consulate-general, Army and Navy. The pullers are managed by Japanese and Formosan "bosses," the *Shanghai Mainichi* reported.

72 Schools to Open April 1

Plans for the reopening of 72 primary schools in the area under its control by April 1 have been completed by the Ta Tao Government, the *Shanghai Mainichi* reported March 23. Recruited by the Government's Educational Bureau, 132 teachers will on March 28 begin a four-day course of intensive special training. The fee of $2 to $4 per term hitherto collected by the Government from each pupil in the already functioning schools will be abolished on April 1, and 9,563 children, under the present plans, will be given free education, the daily added.

Of the new schools, 11 will be established in Luhang, 5 in Kiaochiao, 4 in Tungkow, 4 in Yangching, 7 in Sanlin, 6 in Yangssuchiao, 7 in Chowpu, 6 in Nantao, 3 in Tsaokado, 2 in Lunghwa, 5 in Shanghai-hsien, 3 in the former Civic Center, 6 in Chenju and 3 near the Ta Tao Government offices in Pootung.

Commissioner Gerrard to Retire

F. W. Gerrard, Commissioner of the Shanghai Municipal Police, is retiring on May 28, and will be succeeded by Major K. M. Bourne on the following day. Gerrard, who came to Shanghai with considerable experience in the organization of police forces in India, will have completed nine years' service with the S.M.P. on the day of his retirement.

The popular police officer came to Shanghai, at the invitation of the Council, to reorganize the Municipal Police, in May, 1929, and the efficiency with which the S.M.P. have maintained peace and order through the difficult periods which have intervened since that time, has revealed the expert hand responsible for the smooth running of the force. Born in Aberdeen, Mr. Gerrard went to India as a cadet. When the war broke out, he joined the Indian Frontier forces. On peace being declared, he returned to India where he went into police work. It is understood that it has been Mr. Gerrard's wish for some time to return home.

Among other police officers retiring shortly is Deputy Commissioner R. C. Aiers, who completes 38 years of service in Shanghai. Mr. Aiers is returning to Birmingham following his retirement on April 23 next.

Japanese Soldier Attacks American Newspaperman

An assault was made by an armed Japanese soldier on V. F. Meisling, *North-China Daily News* reporter, at Monday afternoon in Tiendong Road across from the New Asia Hotel. The soldier, attached temporarily to the Japanese Gendarmerie, came running out of the lobby as the American journalist attempted to photograph the decorated entrance to the hotel, struck him a number of blows with his clenched fists, pulled his necktie, searched him, and then pushed him across the street and into the hotel. Meisling, who did not endeavor to defend himself, was hit four times in the chest and three or four times in the back. One blow was directed at the small camera he was carrying, after he had put it in his coat pocket.

Witnesses of the assault were two Indian watchmen and some Chinese who appeared out of the hotel. When Meisling arrived in Tiendong Road, only the watchmen were in the street and they made no objection to his opening his camera and training it on the hotel entrance, which was adorned with the banner of the new Central Chinese regime and the Japanese flag, crossed. There was no Japanese, civilian or military, in sight. Suddenly, however, the Japanese soldier appeared from inside the hotel, ran across the street and started to strike the newspaperman.

Meisling reported the assault first at Hongkew Police Station, then to the officer in charge of the Gendarmerie headquarters in the Bridge House, and finally to the office of the American consul-general. The gendarmerie officer said that the soldier who attacked the journalist was only temporarily attached to the gendarmes, and promised that an investigation would be made.

Poland Sends Envoy to Lithuania

A new provisional Cabinet has been formed in Lithuania by Father Mironas, Chaplain of the Army, to succeed that of Dr. Joszas Tubelis, which recently resigned in face of the bitter resentment throughout the country over the acceptance of the Polish ultimatum.

No change has occurred in the existing regime. All Ministers are members of the Government party, thus avoiding any coalition. As a first step in the resumption of diplomatic relations between Poland and Lithuania, M. Kolopotowsky, Poland's first diplomatic representative in Lithuania in 13 years, is now on his way to Kaunas. He was formerly Counsellor to the Polish Foreign Minister, Colonel Joseph Beck.

NERVES!

A Girl Whose Looks and Health Suffered.

The experience of an English girl, Miss Audrey Smith, of 80, Harwood Street, Darwen, Lancashire, will be read with interest by all who have the misfortune to suffer as she did from weak nerves for it shows how it is possible to overcome such trouble and to regain a full measure of health and strength.

"My daughter was reduced to such a terrible state through nerves that it was pitiful to see her," states Mrs. Smith. "She could not sleep, had no appetite, always looked tired and depressed, and seemed full of morbid thoughts. She lost all vitality, became irritable and petulant, would often burst into tears, and at times suffered violent attacks of trembling.

"As we had read so much about Dr. Williams' Pink Pills we decided to see what they would do. Audrey soon began to improve, her appetite picked up, she slept better and gradually became stronger. Now she is a different girl, being full of life."

All victims of nervous exhaustion, both men and women, should take a course of Dr. Williams' Pink Pills. They give new strength and vitality, build up your shattered nerves and improve your appetite and digestion. They are obtainable at all chemists, but be sure to say Dr. Williams'.

YOUR HELP NEEDED!

Up to January 22nd, the Shanghai International Red Cross has among other things spent $417,527.34 for caring of refugees, $109,392.38 for wounded soldiers, $59,063.69 for medical supplies, and $19,379.40 for civilian hospitals. Though these are large sums, they have not been sufficient to meet the needs of the multitudes of war sufferers in the city.

Beginning from January, the Shanghai International Red Cross has undertaken the responsibility of supporting some 150,000 more refugees. For this additional relief burden, no less than $450,000 are required per month.

In view of this desperate situation, the Shanghai International Red Cross feels that unless increasingly large donations can be obtained from friends in outports and abroad, its work cannot go on unhampered. Will you extend a helping hand in this humanitarian work? If so, please sign the blank below and send your donation today.

.....

To the Shanghai International Red Cross,
505 Honan Road, Shanghai.

Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check (or postal money order) for Dollars.....as my donation to the Shanghai International Red Cross.

Name.....
Address.....

WOULD 200 PERSONS BE INTERESTED

In a day-to-day record of the "Undeclared War" on the Shanghai and Peiping fronts since the beginning—July 7 in the north, July 24 at Shanghai?

THE CHINA WEEKLY REVIEW has published in its weekly issues a complete day-to-day record of the war. Recently many persons have suggested the reprinting of the record in a booklet which could be used for reference or mailed to friends abroad who are interested in developments here. The first volume, according to present plans, will cover all phases of the war from the beginning to Jan. 2, 1938 when the Japanese peace terms were presented through the German Ambassador.

The booklet will answer most of the questions about the struggle: When and how it started; Names of chief leaders; early efforts to localize and prevent from spreading; how it started at Shanghai; how it became general after Sept. 1; estimates of value of property destroyed; Yarnell policy; Fall of Nanking and Japan's peace terms.

Would 200 persons be interested in obtaining copies (5 ins. X 7 ins., approximately 150 pages) at a cost of $2 each, including postage? If so, this would enable us to proceed with the work. Please fill out the attached form and mail at once:

.....

THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai

Please reserve for the undersigned....copies of the day-to-day record of the war at a cost not to exceed $2.

Name .....
Address .....

AMAZING EXTENT OF WAR DESTRUCTION IN CHINA

What is the extent of China's war damage? The March 19 issue of **The Review** contained a 32 page supplement devoted entirely to the matter of losses caused by Japan's "undeclared" war in China—Industrial, Commercial, Residential; Chinese Colleges and Universities; Civic and Cultural Structures; Christian Educational Centers; Mission and Religious Buildings; Scrap-Iron and Machinery Thefts; Foreign Commerce throttled!

WHO WILL PAY FOR THE DAMAGE?

In addition to the material damage, the supplement also contained a number of extracts from reports written by neutral foreigners telling of the human destruction, almost unbelievable accounts which are reminiscent of the wars of a bygone age.

Some of the Titles

Industrially Crippled China—Recipient of a Made-in-Japan Earthquake

Hangchow—Ancient Landmark Crumbles under War's Impact
Nanking—What Really Happened—and the Japanese Paradise.
Shanghai Industry Stilled by War's Heavy Guns
Foreign Mission Losses Heavy—Catholic Losses Nearly $4,000,000.
Diary of an American Doctor—Wusih Property Looted.
Tsingtao Mills Wiped Out in Retaliation.
Throttling of Shanghai Commerce—North China Tariffs

IT CONTAINS SEVERAL PAGES OF PICTURES

The Supplement was supplied free to all subscribers as well as purchasers of copies at news stands and book stores.

There are still a few copies of the Supplement available for those desiring to send them to friends abroad. The price is 20 cents each or 30 cents if mailed.

If you are not a regular subscriber, send your order and have the paper delivered regularly to your home or office. The rate is $12. (Chinese currency) a year, in China, or U. S. $8. a year when delivered to addresses in America or Europe. The rate by air-mail to Central and West China is $28 a year.

Send Orders at Once to

THE CHINA WEEKLY REVIEW

160 Avenue Edward VII
Shanghai.

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China